

THE NATIONAL ARCHIVES FEDERAL REGISTER OF THE UNITED STATES

1934
VOLUME 16
NUMBER 219

Washington, Friday, November 9, 1951

TITLE 7—AGRICULTURE

Chapter I—Production and Marketing Administration (Standards, Inspections, Marketing Practices), Department of Agriculture

PART 52—PROCESSED FRUITS AND VEGETABLES, PROCESSED PRODUCTS THEREOF, AND CERTAIN OTHER PROCESSED FOOD PRODUCTS

SUBPART B—UNITED STATES STANDARDS FOR GRADES OF PROCESSED FRUITS, VEGETABLES, AND OTHER PRODUCTS¹

FROZEN CONCENTRATED BLENDED GRAPEFRUIT JUICE AND ORANGE JUICE²

On June 30, 1950 a notice of proposed rule making was published in the *FEDERAL REGISTER* (15 F. R. 4195) regarding the issuance of proposed United States Standards for Grades of Frozen Concentrated Blended Grapefruit Juice and Orange Juice. After consideration of all relevant matters presented, including the proposals set forth in the aforesaid notice, the following United States Standards for Grades of Frozen Concentrated Blended Grapefruit Juice and Orange Juice are hereby promulgated under the authority contained in the Agricultural Marketing Act of 1946 (60 Stat. 1087; 7 U. S. C. 1621 et seq.) and the Department of Agriculture Appropriation Act, 1952 (Pub. Law 135, 82d Cong., approved August 31, 1951):

§ 52.375 *Frozen concentrated blended grapefruit juice and orange juice.* Frozen concentrated blended grapefruit juice and orange juice is the frozen product prepared from a combination of concentrated, unfermented juices obtained from sound, mature grapefruit (*Citrus paradisi*) and from sound, mature fruit of the sweet orange group (*Citrus sinensis*) and Mandarin group (*Citrus reticulata*), except tangerines. The fruit is prepared by sorting and by washing prior

¹ The requirements of these standards shall not excuse failure to comply with the provisions of the Federal Food, Drug, and Cosmetic Act.

² The requirements of these standards shall not excuse failure to comply with applicable State laws and regulations.

to extraction of the juices to assure a clean product. The juices may be blended upon extraction of such juices or after concentration and fresh orange juice extracted from sorted and washed fruit, as aforesaid, is admixed to the concentrate. It is recommended that the frozen concentrated blended grapefruit juice and orange juice be composed of the equivalent of not less than 50 percent orange juice in the reconstituted juice; however, in oranges yielding light-colored juice it is further recommended that as much as the equivalent of 75 percent orange juice in the reconstituted juice be used. The concentrated juice is packed in accordance with good commercial practice and is frozen and maintained at temperatures necessary for the preservation of the product.

(a) *Styles of frozen concentrated blended grapefruit juice and orange juice.*—(1) *Style I, without sweetening ingredient added.* The Brix value of the finished concentrate shall be not less than 40 degrees nor more than 44 degrees.

(2) *Style II, with sweetening ingredient added.* The finished concentrate, exclusive of added sweetening ingredient, has a Brix value of not less than 38 degrees; and the finished concentrate, including added sweetening ingredient, shall have a Brix value of not less than 40 degrees but not more than 48 degrees.

(b) *Grades of frozen concentrated blended grapefruit juice and orange juice.* (1) "U. S. Grade A" or "U. S. Fancy" is the quality of frozen concentrated blended grapefruit juice and orange juice which reconstitutes properly and of which the reconstituted juice possesses the appearance of fresh juices of such a blend; possesses a very good color; is practically free from defects; possesses a very good flavor; and scores not less than 85 points when scored in accordance with the scoring system outlined in this section.

(2) "U. S. Grade B" or "U. S. Choice" is the quality of frozen concentrated blended grapefruit juice and orange juice which reconstitutes properly and of which the reconstituted juice possesses a good color; is reasonably free from de-

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Published daily, except Sundays, Mondays, and days following official Federal holidays, by the Federal Register Division, National Archives and Records Service, General Services Administration, pursuant to the authority contained in the Federal Register Act, approved July 26, 1935 (49 Stat. 500, as amended; 44 U. S. C., ch. 8B), under regulations prescribed by the Administrative Committee of the Federal Register, approved by the President. Distribution is made only by the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

The regulatory material appearing herein is keyed to the Code of Federal Regulations, which is published, under 50 titles, pursuant to section 11 of the Federal Register Act, as amended June 19, 1937.

The FEDERAL REGISTER will be furnished by mail to subscribers, free of postage, for \$1.50 per month or \$15.00 per year, payable in advance. The charge for individual copies (minimum 15¢) varies in proportion to the size of the issue. Remit check or money order, made payable to the Superintendent of Documents, directly to the Government Printing Office, Washington 25, D. C.

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fects; possesses a good flavor; and scores not less than 70 points when scored in accordance with the scoring system outlined in this section.

(3) "Substandard" is the quality of frozen concentrated blended grapefruit juice and orange juice that fails to meet the requirements of U. S. Grade B or U. S. Choice.

(c) *Recommended fill of container.* The recommended fill of container is not incorporated in the grades of the finished product since fill of container, as such, is not a factor of quality for the

purposes of these grades. It is recommended that each container be filled with frozen concentrated blended grapefruit juice and orange juice as full as practicable without impairment of quality.

(d) *Ascertaining the grade.* The grade of frozen concentrated blended grapefruit juice and orange juice is ascertained by considering in conjunction with the requirements of the respective grade, the respective ratings for the factors of color, absence of defects, and flavor. The relative importance of each factor which is scored is expressed numerically on the scale of 100. The maximum number of points that may be given such factors are:

Factors:	Points
(1) Color	20
(2) Absence of defects	40
(3) Flavor	40
Total score	100

(e) *Ascertaining the rating for the factors which are scored.* The essential variations within each factor which is scored are so described that the value may be ascertained for each factor and expressed numerically. The numerical range within each factor which is scored is inclusive (for example, "17 to 20 points" means 17, 18, 19, or 20 points).

(1) *Color.* (i) Frozen concentrated blended grapefruit juice and orange juice of which the reconstituted juice possesses a very good color may be given a score of 17 to 20 points. "Very good color" means that the color is bright, light yellow-orange, and typical of freshly extracted juices of such a blend and is free from any trace of browning indicative of scorching, oxidation, caramelization, or other causes.

(ii) If the reconstituted juice possesses a "good color," a score of 14 to 16 points may be given. Frozen concentrated blended grapefruit juice and orange juice that falls into this classification shall not be graded above U. S. Grade B or U. S. Choice, regardless of the total score for the product (this is a limiting rule). "Good color" means that the color may range from light yellow to light amber, is fairly typical of freshly extracted juices of such a blend and may be slightly dull or may show traces of browning but is not off color for any reason.

(iii) If the reconstituted juice fails to meet the requirement of subdivision (ii) of this subparagraph, a score of 0 to 13 points may be given. Frozen concentrated blended grapefruit juice and orange juice that falls into this classification shall not be graded above Substandard, regardless of the total score for the product (this is a limiting rule).

(2) *Absence of defects.* The factor of absence of defects refers to the degree of freedom from seeds and portions thereof, from excessive juice cells, from free and suspended pulp, from recoverable oil, and from other defects.

(i) "Free and suspended pulp" means particles of membrane, core, and peel and other similar extraneous materials in the reconstituted blended grapefruit juice and orange juice.

(ii) Frozen concentrated blended grapefruit juice and orange juice of

which the reconstituted juice is practically free from defects may be given a score of 34 to 40 points. "Practically free from defects" means that there may be present: (a) Small seeds or portions thereof that are of such size that they could pass through round perforations not exceeding $\frac{1}{8}$ inch in diameter, provided such seeds or portions thereof do not materially affect the appearance or drinking quality of the juice; (b) juice cells that do not materially affect the appearance or drinking quality of the juice; (c) other defects that are not more than slightly objectionable, and (d) not more than 12 percent free and suspended pulp. To score in this classification the frozen concentrated blended grapefruit juice and orange juice may contain not more than 0.080 milliliter of recoverable oil per 100 grams of the concentrated product.

(iii) If the reconstituted juice is reasonably free from defects, a score of 28 to 33 points may be given. Frozen concentrated blended grapefruit juice and orange juice that falls into this classification shall not be graded above U. S. Grade B or U. S. Choice, regardless of the total score for the product (this is a limiting rule). "Reasonably free from defects" means that there may be present: (a) Small seeds or portions thereof that are of such size that they could pass through round perforations not exceeding $\frac{1}{8}$ inch in diameter, provided such seeds or portions thereof do not seriously affect the appearance or drinking quality of the juice; (b) juice cells that do not seriously affect the appearance or drinking quality of the juice; (c) other defects that are not materially objectionable, and (d) not more than 18 percent free and suspended pulp. To score in this classification the frozen concentrated blended grapefruit juice and orange juice may contain not more than 0.096 milliliter of recoverable oil per 100 grams of the concentrated product.

(iv) Frozen concentrated blended grapefruit juice and orange juice that fails to meet the requirements of subdivision (iii) of this subparagraph may be given a score of 0 to 27 points and shall not be graded above Substandard, regardless of the total score for the product (this is a limiting rule).

(3) *Flavor.* (i) Frozen concentrated blended grapefruit juice and orange juice of which the reconstituted juice possesses a very good flavor may be given a score of 34 to 40 points. "Very good flavor" means that the flavor is fine, distinct, and substantially typical of freshly extracted juices of such a blend. To score not less than 34 points frozen concentrated blended grapefruit juice and orange juice shall meet the following requirements for the respective style:

Style I, without sweetening ingredient added. The ratio of Brix value to acid is not less than 10 to 1 nor more than 16 to 1 (See Table I).

Style II, with sweetening ingredient added. The ratio of Brix value to acid is not less than 11 to 1 nor more than 13 to 1 (See Table II).

(ii) If the reconstituted juice possesses a good flavor, a score of 28 to 33

points may be given. Frozen concentrated blended grapefruit juice and orange juice that falls into this classification shall not be graded above U. S. Grade B or U. S. Choice, regardless of the total score for the product (this is a limiting rule). "Good flavor" means that the flavor is fairly typical of freshly extracted juices of such a blend and is free from abnormal or off flavors of any kind. To score not less than 28 points frozen concentrated blended grapefruit juice and orange juice shall meet the following requirements for the respective style:

Style I, without sweetening ingredient added. The ratio of Brix value to acid is not less than 8 to 1 nor more than 18 to 1 (See Table I).

Style II, with sweetening ingredient added. The ratio of Brix value to acid is not less than 9 to 1 nor more than 13 to 1 (See Table II).

(iii) If the frozen concentrated blended grapefruit juice and orange juice fails to meet the requirements of subdivision (ii) of this subparagraph, a score of 0 to 27 points may be given. Frozen concentrated blended grapefruit juice and orange juice that falls into this classification shall not be graded above Substandard, regardless of the total score for the product (this is a limiting rule).

TABLE I—MAXIMUM AND MINIMUM ACID FOR FROZEN CONCENTRATED BLENDED GRAPEFRUIT JUICE AND ORANGE JUICE

Brix value of the concentrate in degrees Brix	STYLE I. WITHOUT SWEETENING INGREDIENT ADDED			
	U. S. Grade A or U. S. Fancy		U. S. Grade B or U. S. Choice	
	Ratio 10:1	Ratio 16:1	Ratio 8:1	Ratio 18:1
	Acid percent by weight		Acid percent by weight	
	Maximum	Minimum	Maximum	Minimum
40.0°	4.00	2.50	5.00	2.22
40.1°	4.01	2.51	5.01	2.23
40.2°	4.02	2.51	5.03	2.23
40.3°	4.03	2.52	5.04	2.24
40.4°	4.04	2.53	5.05	2.24
40.5°	4.05	2.53	5.06	2.25
40.6°	4.06	2.54	5.08	2.26
40.7°	4.07	2.54	5.09	2.26
40.8°	4.08	2.55	5.10	2.27
40.9°	4.09	2.56	5.11	2.27
41.0°	4.10	2.56	5.13	2.28
41.1°	4.11	2.57	5.14	2.28
41.2°	4.12	2.58	5.15	2.29
41.3°	4.13	2.58	5.16	2.29
41.4°	4.14	2.59	5.18	2.30
41.5°	4.15	2.59	5.19	2.31
41.6°	4.16	2.60	5.20	2.31
41.7°	4.17	2.61	5.21	2.32
41.8°	4.18	2.61	5.23	2.32
41.9°	4.19	2.62	5.24	2.33
42.0°	4.20	2.63	5.25	2.33
42.1°	4.21	2.63	5.26	2.34
42.2°	4.22	2.64	5.28	2.34
42.3°	4.23	2.64	5.29	2.35
42.4°	4.24	2.65	5.30	2.35
42.5°	4.25	2.66	5.31	2.36
42.6°	4.26	2.66	5.33	2.37
42.7°	4.27	2.67	5.34	2.37
42.8°	4.28	2.68	5.35	2.38
42.9°	4.29	2.68	5.36	2.38
43.0°	4.30	2.69	5.38	2.39
43.1°	4.31	2.69	5.39	2.39
43.2°	4.32	2.70	5.40	2.40
43.3°	4.33	2.71	5.41	2.41
43.4°	4.34	2.71	5.43	2.41
43.5°	4.35	2.72	5.44	2.42
43.6°	4.36	2.73	5.45	2.42
43.7°	4.37	2.73	5.46	2.43
43.8°	4.38	2.74	5.48	2.43
43.9°	4.39	2.74	5.49	2.44
44.0°	4.40	2.75	5.50	2.44

TABLE II—MAXIMUM AND MINIMUM ACID FOR FROZEN CONCENTRATED BLENDED GRAPEFRUIT JUICE AND ORANGE JUICE

Brix value of the concentrate in degrees Brix	STYLE II. WITH SWEETENING INGREDIENT ADDED			
	U. S. Grade A or U. S. Fancy		U. S. Grade B or U. S. Choice	
	Ratio 11:1	Ratio 13:1	Ratio 9:1	Ratio 13:1
	Acid percent by weight		Acid percent by weight	
	Maximum	Minimum	Maximum	Minimum
40.0°	3.64	3.08	4.44	3.08
40.1°	3.65	3.08	4.46	3.08
40.2°	3.65	3.09	4.47	3.09
40.3°	3.66	3.10	4.48	3.10
40.4°	3.67	3.11	4.49	3.11
40.5°	3.68	3.12	4.50	3.12
40.6°	3.69	3.12	4.51	3.12
40.7°	3.70	3.13	4.52	3.13
40.8°	3.71	3.14	4.53	3.14
40.9°	3.72	3.15	4.54	3.15
41.0°	3.73	3.15	4.56	3.15
41.1°	3.74	3.16	4.57	3.16
41.2°	3.75	3.17	4.58	3.17
41.3°	3.75	3.18	4.59	3.18
41.4°	3.76	3.18	4.60	3.18
41.5°	3.77	3.19	4.61	3.19
41.6°	3.78	3.20	4.62	3.20
41.7°	3.79	3.21	4.63	3.21
41.8°	3.80	3.22	4.64	3.22
41.9°	3.81	3.22	4.66	3.22
42.0°	3.82	3.23	4.67	3.23
42.1°	3.83	3.24	4.68	3.24
42.2°	3.84	3.25	4.69	3.25
42.3°	3.85	3.25	4.70	3.25
42.4°	3.85	3.26	4.71	3.26
42.5°	3.86	3.27	4.72	3.27
42.6°	3.87	3.28	4.73	3.28
42.7°	3.88	3.28	4.74	3.28
42.8°	3.89	3.29	4.76	3.29
42.9°	3.90	3.30	4.77	3.30
43.0°	3.91	3.31	4.78	3.31
43.1°	3.92	3.32	4.79	3.32
43.2°	3.93	3.32	4.80	3.32
43.3°	3.94	3.33	4.81	3.33
43.4°	3.95	3.34	4.82	3.34
43.5°	3.95	3.35	4.83	3.35
43.6°	3.96	3.35	4.84	3.35
43.7°	3.97	3.36	4.86	3.36
43.8°	3.98	3.37	4.87	3.37
43.9°	3.99	3.38	4.88	3.38
44.0°	4.00	3.38	4.89	3.38
44.1°	4.01	3.39	4.90	3.39
44.2°	4.02	3.40	4.91	3.40
44.3°	4.03	3.41	4.92	3.41
44.4°	4.04	3.42	4.93	3.42
44.5°	4.05	3.42	4.94	3.42
44.6°	4.05	3.43	4.96	3.43
44.7°	4.06	3.44	4.97	3.44
44.8°	4.07	3.45	4.98	3.45
44.9°	4.08	3.45	4.99	3.45
45.0°	4.09	3.46	5.00	3.46
45.1°	4.10	3.47	5.01	3.47
45.2°	4.11	3.48	5.02	3.48
45.3°	4.12	3.48	5.03	3.48
45.4°	4.13	3.49	5.04	3.49
45.5°	4.14	3.50	5.06	3.50
45.6°	4.15	3.51	5.07	3.51
45.7°	4.15	3.52	5.08	3.52
45.8°	4.16	3.52	5.09	3.52
45.9°	4.17	3.53	5.10	3.53
46.0°	4.18	3.54	5.11	3.54
46.1°	4.19	3.55	5.12	3.55
46.2°	4.20	3.55	5.13	3.56
46.3°	4.21	3.56	5.14	3.57
46.4°	4.22	3.57	5.16	3.58
46.5°	4.23	3.58	5.17	3.58
46.6°	4.24	3.58	5.18	3.59
46.7°	4.25	3.59	5.19	3.59
46.8°	4.25	3.60	5.20	3.60
46.9°	4.26	3.61	5.21	3.61
47.0°	4.27	3.62	5.22	3.62
47.1°	4.28	3.62	5.23	3.62
47.2°	4.29	3.63	5.24	3.63
47.3°	4.30	3.64	5.26	3.64
47.4°	4.31	3.65	5.27	3.65
47.5°	4.32	3.65	5.28	3.65
47.6°	4.33	3.66	5.29	3.66
47.7°	4.34	3.67	5.30	3.67
47.8°	4.35	3.68	5.31	3.68
47.9°	4.35	3.68	5.32	3.68
48.0°	4.36	3.69	5.33	3.69

(f) *Definitions of terms as used in these standards.* (1) "Oranges" means oranges of the sweet orange group (*Citrus sinensis*) and the Mandarin group (*Citrus reticulata*), except tangerines. (2) "Reconstituted juice" means the product obtained by mixing thoroughly

3 parts by volume of distilled water and one part by volume of frozen concentrated blended grapefruit juice and orange juice.

(3) "Reconstitutes properly" means that the reconstituted juice shows no material separation of colloidal or suspended matter, leaving a zone of definitely clear liquid without any turbidity, after standing four (4) hours at a temperature of not less than 63 degrees Fahrenheit in a clear glass tube or cylinder (such as a 50 ml. graduated cylinder).

(4) "Acid" means the percent by weight of acid (calculated as anhydrous citric acid) in frozen concentrated blended grapefruit juice and orange juice.

(5) "Brix value" in frozen concentrated blended grapefruit juice and orange juice is the refractometric sucrose value determined in accordance with the International Scale of Refractive Indices of Sucrose Solutions and to which the applicable correction for acid is added. (See Table III for corrections.)

TABLE III—CORRECTIONS FOR OBTAINING BRIX VALUE

Citric acid, anhydrous (percent by weight)	Correction to be added to refractometer sucrose value to obtain degree Brix value	Citric acid, anhydrous (percent by weight)	Correction to be added to refractometer sucrose value to obtain degree Brix value
2.0.....	0.39	4.0.....	0.78
2.2.....	.43	4.2.....	.81
2.4.....	.47	4.4.....	.85
2.6.....	.51	4.6.....	.89
2.8.....	.54	4.8.....	.93
3.0.....	.58	5.0.....	.97
3.2.....	.62	5.2.....	1.01
3.4.....	.66	5.4.....	1.04
3.6.....	.70	5.6.....	1.07
3.8.....	.74		

¹ Source: "Refractometric Determination of Soluble Solids in Citrus Juices," by J. W. Stevens and W. E. Baier, from the Analytical Edition of Industrial and Engineering Chemistry, Vol. II, Page 447, Aug. 15, 1939.

(g) **Explanation of analyses.** (1) The measurement of Brix value is determined on the thawed concentrate in accordance with the refractometric method for sugars and sugar products, outlined in the Official Methods of Analysis of the Association of Official Agricultural Chemists.

(2) "Acid," calculated as anhydrous citric acid, is determined by titration with standard sodium hydroxide solution, using phenolphthalein as indicator.

(3) "Recoverable oil" is determined by the following method:

(i) **Equipment.** Oil separatory trap similar to either of those illustrated in Figure 1 and Figure 2.²

Gas burner or hot plate.
Ringstand and clamps.
Rubber tubing.
3-liter narrow-neck flask.

(ii) **Procedure.** Exactly 400 grams of the thawed concentrate mixed with water to approximately two liters are placed in a 3-liter flask. Close the stopcock, place distilled water in the graduated

tube, run cold water through the condenser from the bottom to top, and bring the solution to a boil. Boiling is continued for one hour at the rate of approximately 50 drops per minute.

By means of the stopcock, lower the oil into the graduated portion of the separatory trap, remove the trap from the flask, allow it to cool, and record the amount of oil recovered.

The number of milliliters of oil recovered divided by 4 equals the volume of recoverable oil per 100 grams of concentrate.

(4) "Free and suspended pulp" is determined by the following method: Graduated centrifuge tubes with a capacity of 50 ml. are filled with the reconstituted blended grapefruit juice and orange juice and placed in a suitable centrifuge. The speed is adjusted, according to diameter, as indicated in Table IV, and the juice is centrifuged for exactly 10 minutes. As used herein, "diameter" means the over-all distance between the bottoms of opposing centrifuge tubes in operating position. After centrifuging, the milliliter reading at the top of the layer of pulp in the tube is multiplied by 2 to give the percentage of pulp.

TABLE IV

Diameter	Approximate revolutions per minute	Diameter	Approximate revolutions per minute
10 inches.....	1,609	15½ inches.....	1,292
10½ inches.....	1,570	16 inches.....	1,271
11 inches.....	1,534	16½ inches.....	1,252
11½ inches.....	1,500	17 inches.....	1,234
12 inches.....	1,468	17½ inches.....	1,216
12½ inches.....	1,438	18 inches.....	1,199
13 inches.....	1,410	18½ inches.....	1,182
13½ inches.....	1,384	19 inches.....	1,167
14 inches.....	1,359	19½ inches.....	1,152
14½ inches.....	1,336	20 inches.....	1,137
15 inches.....	1,313		

(h) **Tolerances for certification of officially drawn samples.** (1) When certifying samples that have been officially drawn and which represent a specific lot of frozen concentrated blended grapefruit juice and orange juice, the grade for such lot will be determined by averaging the total scores of the containers comprising the sample, if:

(i) Not more than one-sixth of such containers fails to meet all the requirements of the grade indicated by the average of such total scores, and, with respect to such containers which fail to meet the requirements of the indicated grade by reason of a limiting rule, the average score of all containers in the sample for the factor, subject to such limiting rule, is within the range for the grade indicated;

(ii) None of the containers comprising the sample falls more than 4 points below the minimum score for the grade indicated by the average of the total scores; and

(iii) All containers comprising the sample meet all applicable standards of quality promulgated under the Federal Food, Drug, and Cosmetic Act and in effect at the time of the aforesaid certification.

(i) **Score sheet for frozen concentrated blended grapefruit juice and orange juice.**

Size and kind of container.....	
Container mark or identification.....	
Label.....	
Liquid measure (Fl. ounces).....	
Brix value of concentrate (corrected for acid).....	
Anhydrous citric acid (% by weight).....	
Brix value to acid ratio (—:1).....	
Recoverable oil (ml./100 grams).....	
Free and suspended pulp (%).....	
Reconstitutes properly (Yes) (No).....	
Appearance of fresh juice (Yes) (No).....	
Factors.....	Score points.....
I. Color.....	20
	(A) 17-20
	(B) 14-16
	(SSD) 10-13
II. Absence of defects.....	40
	(A) 34-40
	(B) 28-33
	(SSD) 10-27
III. Flavor.....	40
	(A) 34-40
	(B) 28-33
	(SSD) 10-27
Total score.....	100
Grade.....	

¹ Indicates limiting rule.

Effective time. The United States Standards for Grades of Frozen Concentrated Blended Grapefruit Juice and Orange Juice (which is the first issue) contained in this section shall become effective thirty days after the date of publication of these standards in the FEDERAL REGISTER.

(Sec. 205, 60 Stat. 1090; 7 U. S. C. 1624. Interprets or applies sec. 203, 60 Stat. 1087; 7 U. S. C. 1622)

Issued at Washington, D. C., this 5th day of November 1951.

[SEAL] GEORGE A. DICE,
Deputy Assistant Administrator,
Production and Marketing
Administration.

[F. R. Doc. 51-13542; Filed, Nov. 8, 1951; 8:55 a. m.]

Chapter IX—Production and Marketing Administration (Marketing Agreements and Orders), Department of Agriculture.

PART 959—IRISH POTATOES GROWN IN THE COUNTIES OF CROOK, DESCHUTES, JEFFERSON, KLAMATH, AND LAKE IN OREGON, AND MODOC AND SISKIYOU IN CALIFORNIA

APPROVAL OF BUDGET OF EXPENSES AND FIXING RATE OF ASSESSMENT

Notice of proposed rule making regarding rules and regulations relative to a proposed budget and rate of assessment, to be made effective under Marketing Agreement No. 114 and Order No. 59, as amended (7 CFR Part 959), regulating the handling of Irish potatoes grown in the counties of Crook, Deschutes, Jefferson, Klamath, and Lake in the State of Oregon, and Modoc and Siskiyou in the State of California, was published in the FEDERAL REGISTER (16 F. R. 10338) on October 11, 1951. This regulatory program is effective under the Agricultural Marketing Agreement Act of 1937, as amended (48 Stat. 31, as

² Filed as a part of the original document.

amended; 7 U. S. C. 601 et seq.). After consideration of all relevant matters presented, including the budget of expenses and rate of assessment set forth in the aforesaid notice, and submitted for approval by the Oregon-California Potato Committee, the following is hereby approved.

§ 959.204 *Budget of expenses and rate of assessment.* (a) The expenses necessary to be incurred by the Oregon-California Potato Committee, established pursuant to Marketing Agreement No. 114 and Order No. 59, as amended, to enable such committee to perform its functions pursuant to the provisions of the aforesaid marketing agreement and amended order, during the fiscal year ending June 30, 1952, will amount to \$13,500.00;

(b) The rate of assessment to be paid each handler who first ships potatoes shall be one-fourth of one cent (\$.0025) per hundredweight of potatoes handled by him as the first handler thereof during said fiscal year;

(c) Notwithstanding the approval of the aforesaid expenses, none of such funds may be used to pay any wage or salary that is inconsistent with the Defense Production Act of 1950, as amended, Executive Order No. 10161, or any supplementary order, directive, or regulation pursuant thereto; and

(d) The terms used in this section shall have the same meaning as when used in Marketing Agreement No. 114 and Order No. 59, as amended (7 CFR Part 959).

(e) The budget of expenses and rate of assessment as published herein shall not become effective until thirty (30) days after the date of publication in the FEDERAL REGISTER.

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. and Supp. 608c)

Done at Washington, D. C., this 5th day of November 1951.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 51-13508; Filed, Nov. 8, 1951; 8:50 a. m.]

TITLE 5—ADMINISTRATIVE PERSONNEL

Chapter III—Foreign and Territorial Compensation

Subchapter B—The Secretary of State
[Departmental Reg. 108.143]

PART 325—ADDITIONAL COMPENSATION IN FOREIGN AREAS

DESIGNATION OF DIFFERENTIAL POSTS

NOVEMBER 1, 1951.

Section 325.11 *Designation of differential posts* is amended as follows, effective on the dates indicated:

1. Effective as of the beginning of the first pay period following November 10, 1951, paragraph (b) is amended by the deletion of the following posts:

Philippines, all posts except Baguio City, Cagayan, Cebu, Davao, Iloilo, Legaspi, Subic Bay, Tubabao (Guluan), and Zamboanga.

2. Effective as of the beginning of the first pay period following November 10, 1951, paragraph (a) is amended by the addition of the following post:

Tuguegarao, Philippines.

3. Effective as of the beginning of the first pay period following November 10, 1951, paragraph (b) is amended by the addition of the following posts:

Philippines, all posts except Baguio City, Cagayan, Cebu, Davao, Iloilo, Legaspi, Subic Bay, Tubabao (Guluan), Tuguegarao, and Zamboanga.

(Sec. 102, Part I, E. O. 10000, Sept. 16, 1948, 13 F. R. 5453; 3 CFR, 1948 Supp.)

For the Secretary of State.

[SEAL] CARLISLE H. HUMELSINE,
Deputy Under Secretary.

[F. R. Doc. 51-13533; Filed, Nov. 8, 1951; 8:55 a. m.]

TITLE 8—ALIENS AND NATIONALITY

Chapter I—Immigration and Naturalization Service, Department of Justice

Subchapter B—Immigration Regulations

PART 110—PRIMARY INSPECTION AND DETENTION

INTERNATIONAL AIRPORTS FOR ENTRY OF ALIENS

NOVEMBER 5, 1951.

The following amendments to § 110.3, *International airports for the entry of aliens*, of Chapter I, Title 8 of the Code of Federal Regulations, are hereby prescribed:

1. Effective as of August 30, 1951, paragraph (a) is amended by inserting "Tampa, Fla., Tampa International Airport" between "Swanton, Vt., Warren R. Austin Airport" and "Watertown, N. Y., Watertown Municipal Airport" and by inserting "West Palm Beach, Fla., Palm Beach International Airport" between "Watertown, N. Y., Watertown Municipal Airport" and "Wrangell, Alaska, Wrangell Seaplane Base" in the list of international airports for the entry of aliens.

2. Effective as of September 19, 1951, paragraph (a) is amended by deleting "Fairbanks, Alaska, Weeks Municipal Airfield" from the list of international airports for the entry of aliens.

3. Effective as of September 19, 1951, paragraph (a) is amended by substituting "Cleveland, Ohio, Cleveland Hopkins Airport" for "Cleveland, Ohio, Cleveland Municipal Airport" in the list of international airports for the entry of aliens.

(Sec. 7, 44 Stat. 572; 49 U. S. C. 177)

J. HOWARD McGRATH,
Attorney General.

Recommended: October 22, 1951.

BENJAMIN G. HABBERTON,
Acting Commissioner,
Immigration and Naturalization.

[F. R. Doc. 51-13518; Filed, Nov. 8, 1951; 8:52 a. m.]

PART 175—CONTROL OF PERSONS ENTERING AND LEAVING THE UNITED STATES PURSUANT TO THE ACT OF MAY 22, 1918, AS AMENDED

PART 176—DOCUMENTARY REQUIREMENTS FOR ALIENS, EXCEPT SEAMEN AND AIRMEN, ENTERING THE UNITED STATES

WAIVER OF PASSPORT AND VISA REQUIREMENTS

Correction

The editorial note appearing at page 10931 of the issue for Saturday, October 27, 1951, should have read as follows:

EDITORIAL NOTE: For amendments to § 175.42 and § 176.107, which are identical in text to 22 CFR 53.22 and 42.107, respectively, see F. R. Doc. 51-12884 under Title 22, *infra*.

TITLE 14—CIVIL AVIATION

Chapter I—Civil Aeronautics Board

Subchapter A—Civil Air Regulations [Supp. 8]

PART 40—AIR CARRIER OPERATING CERTIFICATE RADIO FACILITIES

The following interpretations and policies are hereby adopted. The section of the regulations being implemented is repeated here to assist the public in understanding how the Administrator's interpretations and policies apply.

§ 40.31 *Radio facilities.* Applicant shall show a two-way ground-to-aircraft radiotelephone communication system at such terminals and at such points as may be deemed necessary by the Administrator to insure satisfactory communication over the entire route under normal operating conditions. Such system shall be independent of radio facilities provided by Federal or other governmental agencies.

§ 40.31-1 *Communication facilities required for domestic scheduled air carrier operational control (CAA interpretations which apply to § 40.31 and SR-363).* A domestic scheduled air carrier must show a communication system which includes a sufficient number of non-government ground-air radiotelephone communication stations to insure that under normal operating conditions, adequate and continuous direct communication is possible between such stations and its aircraft in flight over the entire route.

§ 40.31-2 *Communication facilities required for air traffic control (CAA policies which apply to § 40.31 and SR-363).* A domestic scheduled air carrier should show a non-government communication system capable of expeditiously handling all air traffic control messages between its aircraft and the appropriate air route traffic control centers in whose areas the aircraft are operating. This non-government communication system normally should be comprised of radiotelephone communication stations established and maintained in each air route traffic control center area through which the air carrier conducts operations. In those cases where the non-government radiotelephone communication stations

are located outside an air route traffic control center area through which operations are conducted the domestic scheduled air carrier should provide adequate direct interphone facilities, restricted to the handling of air traffic control messages, between these communication stations and such air route traffic control center.

However a domestic scheduled air carrier may use CAA radiotelephone communication service for long distance domestic scheduled air carrier operations conducted under the provisions of SR-363 in an air route traffic control center area in which a landing is not normally made. Such air carrier need not show the non-government communication system capable of expeditiously handling all air traffic control messages with operations conducted under the provision of SR-363 in that area provided the Administrator is notified of its intent to use the CAA communication service.

(Sec. 205, 52 Stat. 984, as amended; 49 U. S. C. 425. Interprets or applies sec. 604, 52 Stat. 1010, as amended; 49 U. S. C. 554)

These interpretations and policies shall become effective upon publication in the FEDERAL REGISTER.

[SEAL]

F. B. LEE,
Acting Administrator of
Civil Aeronautics.

[F. R. Doc. 51-13544; Filed, Nov. 8, 1951;
8:57 a. m.]

[Supp. 10]

PART 42—IRREGULAR AIR CARRIER AND OFF-ROUTE RULES

PASSENGER AND CREW WEIGHTS

Notice of the Administrator's intent to revise Title 14 § 42.32-4 (c) (4) was published on April 12, 1951, in 16 F. R. 3211-12. Interested persons were afforded an opportunity to submit data, views, or arguments. Consideration has been given to all relevant matter presented. Section 42.32-4 (c) (4) is revised to read as follows:

§ 42.32-4 Maintenance manual. * * *

(c) Weight control. * * *

(4) Passenger and crew weights—(i) General. These weights apply to operators with or without an approved weight control system. Consideration will be given to a different average of weights for crew and passengers, provided the operator can substantiate these weights based on an average of actual weights for each group.

(ii) Passenger weights. The actual passenger weights may be used in all computations and are preferable from the standpoint of accuracy. In addition, the use of average weights is approved as a means of expediting load manifest calculations. The use of average weights, however, does not relieve the operator of responsibility for compliance with the weight and c. g. location limitations as specified in the appropriate aircraft specification and the operating limitations prescribed in this part. In other words, if there is obvious evidence that the use of average weights

will result in erroneous computations and possible violation of applicable CAR, the total weight and c. g. location should be recomputed using actual weights. This condition is most likely to arise in cases where the major portion of a passenger load consists of a specialized group such as athletic teams or of a specific racial group which does not conform with the U. S. average. In all cases of such non-average groups actual weights must be used.

The approved averages are as follows:

(a) An average passenger weight (summer) of 160 pounds may be used during the calendar period of May 1 through October 31.

(b) An average passenger weight (winter) of 165 pounds may be used during the calendar period of November 1 through April 30.

(c) An average passenger weight of 80 pounds may be used at any time for children between the ages of 3 and 12.

In all computations, either the actual or average weights indicated above will be used; in no case will a combination of average and actual weights be used. However, the above calendar periods may be varied where climatic conditions warrant, upon specific approval of the CAA.

(iii) Crew weights. Actual or average weights may be used in the case of crew members under conditions as set forth for passenger weights. The approved averages are as follows:

(a) Male cabin attendants 150 pounds; female cabin attendants 130 pounds.

(b) All other crew members 170 pounds.

(Sec. 205, 52 Stat. 984, as amended; 49 U. S. C. 425. Interprets or applies sec. 601, 52 Stat. 1007, as amended; 49 U. S. C. 551)

These rules shall become effective 30 days after publication in the FEDERAL REGISTER.

[SEAL]

F. B. LEE,
Acting Administrator of
Civil Aeronautics.

[F. R. Doc. 51-13543; Filed, Nov. 8, 1951;
8:57 a. m.]

TITLE 24—HOUSING AND HOUSING CREDIT

Chapter II—Federal Housing Ad- ministration, Housing and Home Finance Agency

Subchapter N—National Defense Housing Insurance

PART 294—ELIGIBILITY REQUIREMENTS FOR NATIONAL DEFENSE HOUSING INSURANCE

Sec.

294.1 Approval of mortgagees.

APPLICATION AND COMMITMENT

294.2 Submission of application.

294.3 Form of application.

294.4 Fee to accompany application.

294.5 Certificate of builder regarding charges and fees.

294.6 Approval of application.

ELIGIBLE MORTGAGES

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294.10 Rate of interest.

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294.13 Mortgagor's payments to include other charges.

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294.16 Mortgagor's payments when mortgage is executed.

294.17 Maximum charges and fees to be collected by mortgagee.

294.18 Charges by brokers.

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294.20 Mortgage covenant regarding racial restrictions.

294.21 Eligible mortgages in Alaska.

ELIGIBLE MORTGAGORS

294.22 Mortgage must be only lien upon property.

294.23 Relationship of income to mortgage payments.

294.24 Credit standing of mortgagor.

294.25 Certificate of mortgagor regarding racial restrictions.

294.26 Property to be held for rent.

294.27 No discrimination against children.

294.28 Preference to persons engaged in national defense activities.

ELIGIBLE PROPERTIES

294.29 Nature of title to the realty.

294.30 Dwelling unit located on property.

294.31 Standards for buildings.

294.32 Location of property.

294.33 Racial restrictions on property.

EFFECTIVE DATE

294.34 Effective date.

AUTHORITY: §§ 294.1 to 294.34 Issued under sec. 907, as added by sec. 201, Pub. Law 139, 82d Cong.

§ 294.1 Approval of mortgagees. All mortgagees approved under section 203 (b) of the National Housing Act are hereby approved as mortgagees with respect to mortgages insured under this subchapter. All of the provisions of §§ 221.1 to 221.8 of this title and any amendments thereto are hereby adopted as applicable to mortgages insured under this subchapter.

APPLICATION AND COMMITMENT

§ 294.2 Submission of application. Any approved mortgagee may submit an application for insurance of a mortgage about to be executed, or of a mortgage already executed.

§ 294.3 Form of application. The application must be made upon a standard form prescribed by the Commissioner.

§ 294.4 Fee to accompany application.

(a) Applications filed for a firm or a conditional commitment with respect to existing construction (property approved for mortgage insurance prior to the beginning of construction, the construction of which is begun after September 1, 1951) must be accompanied by the mortgagee's check for the sum of \$20 to cover the cost of processing by the Commissioner. If an application is refused as a result of preliminary examination by the Commissioner, the entire fee will be returned to the applicant, but no portion of the fee will be returned after further work has been performed following the preliminary examination.

(b) Applications filed for a firm or a conditional commitment with respect to proposed construction must be accompanied by the mortgagee's check for the

sum of \$45 to cover the cost of processing by the Commissioner. If an application is refused as a result of preliminary examination by the Commissioner, the entire fee will be returned to the applicant, but no portion of the fee will be returned after further work has been performed following the preliminary examination unless (1) the application is rejected by the Commissioner, or (2) prior to the receipt of a request for the first compliance inspection as provided in the commitment, the Commissioner exercises the right of cancellation reserved in the commitment or cancels the commitment at the request of the mortgagee or after surrender of the commitment by the mortgagee, or (3) the mortgage which is the subject of the application is endorsed for insurance by the Commissioner; in any of which cases \$20 will be retained by the Commissioner and the balance of such fee will be returned to the applicant.

§ 294.5 *Certificate of builder regarding charges and fees.* Applications filed with respect to proposed construction must be accompanied by a certificate, in form satisfactory to the Commissioner, executed by the builder certifying that he has not paid or obligated himself to pay and will not pay or obligate himself to pay any charges, interest or fees in connection with the financing of the construction or sale of the property described in the application other than (a) customary cost of title search, recording fees, and the application fee, mortgage insurance premiums, and other fees and charges which the mortgagee is required to pay to the Commissioner under this part; (b) interest on the principal amount of any construction loan at a rate not in excess of five per centum per annum; (c) fees and commissions in connection with any construction loan aggregating not in excess of two and one-half per centum of the original principal amount of such loan; (d) fees and commissions in connection with a loan made after completion of construction aggregating not in excess of one per centum of the original principal amount of such loan.

§ 294.6 *Approval of application.* Upon approval of an application, acceptance of the mortgage for insurance will be evidenced by the issuance of a commitment setting forth, upon a form prescribed by the Commissioner, the terms and conditions upon which the mortgage will be insured.

ELIGIBLE MORTGAGES

§ 294.7 *Form, lien.* The mortgage must be executed upon a form approved by the Commissioner for use in the jurisdiction in which the property covered by the mortgage is situated, by a mortgagor with the qualifications hereinafter set forth in §§ 294.22 to 294.28, must be a first lien upon property that conforms with the property standards prescribed by the Commissioner, and the entire principal amount of the mortgage must have been disbursed to the mortgagor, or to his creditors for his account and with his consent.

§ 294.8 *Maximum amount of mortgage.* The mortgage must involve a

principal obligation in an amount not in excess of ninety per centum of the appraised value as of the date the mortgage is accepted for insurance of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for residential use for not more than two families in the aggregate, which is approved for mortgage insurance prior to the beginning of construction, the construction of which is begun after September 1, 1951. Such principal obligation should be in an amount of \$100 or multiples thereof and must not exceed \$8,100 if such dwelling is designed for a single-family resident; or \$15,000 if such dwelling is designed for a two-family residence, except that the Commissioner may by regulation increase these amounts to \$9,000 and \$16,000, respectively, in any geographical area where he finds that cost levels so require: *Provided*, That, if the Commissioner finds that it is not feasible, within the aforesaid dollar limitation, to construct dwellings containing three or four bedrooms without sacrifice of sound standards of construction, design, and livability, he may increase such dollar amount limitations by not exceeding \$1,080 for each additional bedroom (as defined by the Commissioner) in excess of two contained in such dwellings if he finds that such dwellings meet sound standards of design and livability as a three-bedroom unit or a four-bedroom unit, as the case may be.

§ 294.9 *Maturity.* The mortgage should come due on the first of a month and must have a maturity satisfactory to the Commissioner, not to be less than 10 nor more than 30 years from the date of insurance. The amortization period should be either 10, 15, 20, 25 or 30 years by providing for either 120, 180, 240, 300 or 360 monthly amortization payments.

§ 294.10 *Rate of interest.* The mortgage may bear interest at such rate as may be agreed upon between the mortgagee and the mortgagor, but in no case shall such interest rate be in excess of four and one-fourth per centum per annum. Interest shall be payable in monthly installments on the principal then outstanding.

§ 294.11 *Amortization provisions.* The mortgage must contain complete amortization provisions satisfactory to the Commissioner, requiring monthly payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Commissioner. The sum of the principal and interest payments in each month shall be substantially the same.

§ 294.12 *Payment of insurance premiums.* The mortgage may provide for monthly payments by the mortgagor to the mortgagee of an amount equal to one twelfth of the annual mortgage insurance premium payable by the mortgagee to the Commission. Such payments shall continue only as long as the contract of insurance shall remain in effect. The mortgage should provide that, upon the payment of the mortgage before maturity, the mortgagor shall pay the adjusted premium charge referred to in § 295.4 of this chapter, but shall not

provide for the payment of any further charge on account of such prepayment.

§ 294.13 *Mortgagor's payments to include other charges.* The mortgage shall provide for such equal monthly payments by the mortgagor to the mortgagee as will amortize the ground rents, if any, and the estimated amount of all taxes, special assessments, if any, and fire and other hazard insurance premiums, within a period ending one month prior to the dates on which the same become delinquent. The mortgage shall further provide that such payments shall be held by the mortgagee in a manner satisfactory to the Commissioner, for the purpose of paying such ground rents, taxes, assessments, and insurance premiums, before the same become delinquent, for the benefit and account of the mortgagor. The mortgage must also make provision for adjustments in case the estimated amount of such taxes, assessments, and insurance premiums shall prove to be more, or less, than the actual amount thereof so paid by the mortgagor.

§ 294.14 *Mortgagee's application of payments.* (a) All monthly payments to be made by the mortgagor to the mortgagee as provided in §§ 294.10 to 294.13 shall be added together and the aggregate amount thereof shall be paid by the mortgagor each month in a single payment. The mortgagee shall apply the same to the following items in the order set forth:

- (1) Premium charges under the contract of insurance;
 - (2) Ground rents, taxes, special assessments, and fire and other hazard insurance premiums;
 - (3) Interest on the mortgage; and
 - (4) Amortization of the principal of the mortgage.
- (b) Any deficiency in the amount of any such aggregate monthly payment shall, unless made good by the mortgagor prior to, or on, the due date of the next such payment, constitute an event of default under the mortgage.

§ 294.15 *Late charge.* The mortgage may provide for a charge by the mortgagee of a "late charge" not to exceed 2 cents for each dollar of each payment more than 15 days in arrears, to cover the extra expense involved in handling delinquent payments.

§ 294.16 *Mortgagor's payments when mortgage is executed.* The mortgagor must pay to the mortgagee, upon the execution of the mortgage, a sum that will be sufficient to pay the ground rents, if any, and the estimated taxes, special assessments, and fire and other hazard insurance premiums for the period beginning on the date to which such ground rents, taxes, assessments, and insurance premiums were last paid and ending on the date of the first monthly payment under the mortgage and may be required to pay a further sum equal to the first annual mortgage insurance premium, plus an amount sufficient to pay the mortgage insurance premium from the date of closing the loan to the date of the first monthly payment.

§ 294.17 *Maximum charges and fees to be collected by mortgagee.*—(a) *Existing construction.* No mortgage covering

existing construction shall be insured unless the mortgagee, prior to insurance, shall have delivered to the Commissioner a certificate, in form satisfactory to the Commissioner, certifying that it has not imposed upon or collected from the mortgagor, the builder, sponsor, broker, seller or other interested parties any charges, interest or fees in connection with the financing of the sale of the property described in the application other than (1) customary cost of title search and recording fees as are approved by the Commissioner, and the application fee, mortgage insurance premiums and other fees and charges which the mortgagee is required to pay to the Commissioner under this part; and (2) a service charge or fee not in excess of one percentum of the original principal amount of the mortgage.

(b) *Proposed construction.* No mortgage covering proposed construction shall be insured unless the mortgagee, prior to insurance, shall have delivered to the Commissioner a certificate, in form satisfactory to the Commissioner, certifying that it has not imposed upon or collected from the mortgagor, the builder, sponsor, broker, seller or other interested parties any charges, interest or fees in connection with the financing of the construction or sale of the property described in the application other than (1) customary cost of title search and recording fees as are approved by the Commissioner, and the application fee, mortgage insurance premiums, and other fees and charges which the mortgagee is required to pay to the Commissioner under this part; (2) interest on the principal amount of any construction loan at a rate not in excess of five percentum per annum; (3) fees and commissions aggregating not in excess of two and one-half percentum of the original principal amount of such loan if a construction loan was made by it, or if no construction loan was made by it, not in excess of one percentum of the original principal amount of such loan.

§ 294.18 *Charges by broker.* Nothing in § 294.17 shall be construed as prohibiting the mortgagor from dealing through a broker who does not represent the mortgagee, if he prefers to do so, and paying the broker such compensation as is satisfactory to the mortgagor.

§ 294.19 *Project must be acceptable risk.* The mortgage must be executed with respect to a project which, in the opinion of the Commissioner, is an acceptable risk, giving consideration to the need for providing for housing for national defense activities.

§ 294.20 *Mortgage covenant regarding racial restrictions.* The mortgage shall contain a covenant by the mortgagor that, until the mortgage has been paid in full or the contract of insurance otherwise terminated, he will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the basis of race, color or creed. Such covenant shall be binding upon the

mortgagor and his assigns and shall provide that upon violation thereof the mortgagee may, at its option, declare the unpaid balance of the mortgage immediately due and payable.

§ 294.21 *Eligible mortgages in Alaska.* (a) The Commissioner may, if he finds that, because of higher costs prevailing in the Territory of Alaska, it is not feasible to construct dwellings on property located in Alaska without sacrifice of sound standards of construction, design, and livability, within the limitations as to maximum mortgage amounts provided in § 294.8, prescribe by regulation or otherwise, with respect to dollar amount, a higher maximum for the principal obligation of mortgages covering property located in Alaska, in such amounts as he shall find necessary to compensate for such higher costs, but not to exceed, in any event, the maximum otherwise applicable by more than one-half thereof.

(b) Any mortgage otherwise eligible for insurance under any of the provisions of this part, covering property located in the Territory of Alaska, may be insured without regard to any requirement contained in this part that the mortgaged property be free and clear of all liens other than the mortgage offered for insurance and that there will not be any other unpaid obligations contracted in connection with the mortgage transaction or the purchase of the mortgaged property.

(c) The provisions of § 294.19 shall not be applicable to mortgages covering property located in Alaska: *Provided*, That mortgages covering property located in Alaska shall not be accepted for insurance unless the Commissioner finds that the property or project is an acceptable risk giving consideration to the acute housing shortage in Alaska.

ELIGIBLE MORTGAGORS

§ 294.22 *Mortgage must be only lien upon property.* A mortgagor must establish that, after the mortgage offered for insurance has been recorded, the mortgaged property will be free and clear of all liens other than such mortgage and that there will not be outstanding any other unpaid obligation contracted in connection with the mortgage transaction or the purchase of the mortgaged property except obligations which are secured by property or collateral owned by the mortgagor independently of the mortgaged property.

§ 294.23 *Relationship of income to mortgage payments.* A mortgagor must establish that the periodic payments required in the mortgage submitted for insurance bear a proper relation to his present and anticipated income and expenses.

§ 294.24 *Credit standing of mortgagor.* A mortgagor must have a general credit standing satisfactory to the Commissioner.

§ 294.25 *Certificate of mortgagor regarding racial restrictions.* A mortgagor must certify that, until the mortgage has been paid in full or the contract of insurance otherwise terminated, he will not file for record any restriction upon

the sale or occupancy of the mortgaged property on the basis of race, color or creed or execute any agreement, lease or conveyance affecting the mortgaged property which imposes any such restriction upon its sale or occupancy.

§ 294.26 *Property to be held for rent.* The Commissioner may, in his discretion, require the mortgagor to establish that, after completion of the dwelling or dwellings, the property will be held for rent for such periods of time and at such rental or other charges as he may prescribe; and, with respect to such properties being held for rental, (a) require that the property be held by a mortgagor approved by him, and (b) prescribe such requirements as he deems to be reasonable governing the method of operation and prohibiting or restricting sales of such properties or interest therein or agreements relating to such sales.

§ 294.27 *No discrimination against children.* The mortgagor must certify under oath that, in selecting tenants for the property covered by the mortgage, the mortgagor will not discriminate against any family by reason of the fact that there are children in the family, and that the mortgagor will not sell the property while the mortgage insurance is in effect unless the purchaser also so certifies, such certifications to be filed with the Commissioner.

§ 294.28 *Preference to persons engaged in national defense activities.* The mortgagor must establish in a manner satisfactory to the Commissioner that after completion of the dwelling or dwellings preference or priority of opportunity to purchase or rent will be given to persons engaged or to be engaged in national defense activities.

ELIGIBLE PROPERTIES

§ 294.29 *Nature of title to the realty.* A mortgage to be eligible for insurance must be on real estate held in fee simple, or on leasehold under a lease for not less than 99 years which is renewable, or under a lease with a period of not less than 50 years to run from the date the mortgage is executed.

§ 294.30 *Dwelling unit located on property.* At the time a mortgage is insured there must be located on the mortgaged property a dwelling unit designed principally for residential use for not more than two families. Such unit may be connected with other dwellings by a party wall or otherwise.

§ 294.31 *Standards for buildings.* The buildings on the mortgaged property must conform with the standards prescribed by the Commissioner.

§ 294.32 *Location of property.* The mortgaged property must be located in an area determined by the President, pursuant to section 101 of the Defense Housing and Community Facilities and Services Act of 1951, to be a critical defense housing area.

§ 294.33 *Racial restrictions on property.* A mortgagee must establish that no restriction upon the sale or occupancy of the mortgaged property on the basis of race, color or creed has been filed of

record at any time subsequent to February 15, 1950, and prior to the recording of the mortgage offered for insurance.

EFFECTIVE DATE

§ 294.34 *Effective date.* The administrative rules in this part are effective as to all mortgages on which a commitment to insure is issued to an approved mortgagee on or after the date hereof.

Issued at Washington, D. C., November 5, 1951.

FRANKLIN D. RICHARDS,
Federal Housing Commissioner.

[F. R. Doc. 51-13491; Filed, Nov. 8, 1951;
8:45 a. m.]

PART 295—NATIONAL DEFENSE HOUSING INSURANCE; RIGHTS AND OBLIGATIONS OF MORTGAGEE UNDER INSURANCE CONTRACT

Sec.

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AUTHORITY: §§ 295.1 to 295.16 issued under sec. 907, as added by sec. 201, Pub. Law 139, 82d Cong.

§ 295.1 *Citation.* The regulations in this part may be cited as 24 CFR Part 295, and referred to as "regulations of the Federal Housing Commissioner for National Defense Housing Mortgage Insurance"

DEFINITIONS

§ 295.2 *Definitions of terms used in this part.* As used in the regulations in this part:

- (a) The term "Commissioner" means the Federal Housing Commissioner.
- (b) The term "act" means the National Housing Act.
- (c) The term "mortgage" means such a first lien upon real estate as is com-

monly given to secure advances on, or the unpaid purchase price of, real estate under the laws of the jurisdiction where the real estate is situated, together with the credit instruments, if any, secured thereby.

(d) The term "insured mortgage" means a mortgage which has been insured by the endorsement of the Commissioner.

(e) The term "mortgagor" means the original borrower under a mortgage and his heirs, executors, administrators, and assigns.

(f) The term "mortgagee" means the original lender under a mortgage and its successors and such of its assigns as are approved by the Commissioner.

(g) The term "contract of insurance" means the endorsement of the Commissioner upon the credit instrument given in connection with an insured mortgage, incorporating by reference the regulations in this part.

PREMIUMS

§ 295.3 *Annual mortgage insurance premiums.* (a) The mortgagee shall pay to the Commissioner an annual mortgage insurance premium equal to one-half of one per centum of the average outstanding principal obligation for the twelve-month period following the date on which such premium becomes payable, and calculated in accordance with the amortization provisions without taking into account delinquent payments or prepayments.

(b) The first such premium is to be paid on the date on which such insurance becomes effective by endorsement and shall be calculated on the average outstanding principal balance for the year beginning with a day 30 days prior to the date of the first monthly payment. Until the mortgage is paid in full or the mortgaged property is acquired by the Commissioner as hereinafter set forth, or until the contract of insurance is otherwise terminated as hereinafter provided, the next and each succeeding premium shall be paid annually thereafter on the anniversary of such day, and the amount of second premium payment will be adjusted accordingly. Such premiums shall be paid either in cash or debentures issued under section 903 of Title IX of the National Housing Act at par plus accrued interest.

§ 295.4 *Prepayment premiums.* (a) In the event that the principal obligation of any mortgage accepted for insurance is paid in full prior to maturity, the mortgagee shall within 30 days thereafter notify the Commissioner of the date of prepayment and shall pay to the Commissioner an adjusted premium charge of one per centum of the original principal amount of the prepaid mortgage, except that, if at the time of such prepayment there is placed on the mortgaged property a new insured mortgage in an amount less than the original amount of the prepaid mortgage, such adjusted premium shall be one per centum of the difference in such amounts.

(b) In no event shall the adjusted premium exceed the aggregate amount of

premium charges which would have been payable if the mortgage had continued to be insured until maturity.

(c) No adjusted premium shall be due or payable in the following cases:

(1) Where at the time of such prepayment there is placed on the mortgaged property a new insured mortgage for an amount equal to or greater than the original principal amount of the prepaid mortgage; or

(2) Where the final maturity specified in the mortgage is accelerated solely by reason of partial prepayments made by the mortgagor which do not exceed in any one calendar year fifteen per centum of the original face amount of the mortgage; or

(3) Where the final maturity specified in the mortgage is accelerated solely by reason of payments to principal to compensate for damage to the mortgaged property, or a release of a part of such property if approved by the Commissioner; or

(4) Where payment in full is made of a delinquent mortgage on which foreclosure proceedings have been commenced, or for the purpose of avoiding foreclosure, if the transaction is approved by the Commissioner; or

(5) Where the final maturity specified in the mortgage is accelerated solely by reason of partial prepayments which in any one calendar year exceed fifteen per centum of the original face amount of the mortgage, if made by the mortgagor during the period of the national emergency declared by the President to exist on May 27, 1941; or where the principal obligation of any mortgage accepted for insurance is paid in full prior to maturity by the mortgagor during the period of such national emergency, provided the mortgagee submits to the Commissioner a certificate signed by the mortgagor certifying that the mortgage has been paid in full without refinancing or otherwise creating any obligation or debt; or

(6) Where payment in full is made within 60 days after the date the mortgage is endorsed for insurance, provided the mortgagee submits to the Commissioner a certificate signed by the mortgagor certifying that such payment was made in connection with the sale of the property to a veteran of World War II for his occupancy as a home.

§ 295.5 *Pro rata refund in event of prepayment.* Upon such prepayment the contract of insurance shall terminate and the Commissioner will refund to the mortgagee for the account of the mortgagor an amount equal to the pro rata portion of the current annual mortgage insurance premium theretofore paid, which is applicable to the portion of the premium year subsequent to such prepayment.

INSURANCE ENDORSEMENT

§ 295.6 *Form of endorsement of original credit instrument.* Upon compliance, satisfactory to the Commissioner, with the terms of his commitment to insure, the Commissioner will endorse the original credit instrument in form as follows:

No. _____
Insured under section 903 of title IX
of the National Housing Act and
regulations of the
Federal Housing Commissioner
for mortgage insurance thereunder

Dated _____
as amended

FEDERAL HOUSING COMMISSIONER

By _____
Authorized agent

Date _____

§ 295.7 *Contract of insurance.* The mortgage shall be an insured mortgage from the date of such endorsement. The Commissioner and the mortgagee shall thereafter be bound by the regulations in this part with the same force and to the same extent as if a separate contract had been executed relating to the insured mortgage, including the provisions of the regulations in this part and of the National Housing Act.

RIGHTS AND DUTIES OF APPROVED MORTGAGEE

§ 295.8 *Rights of parties on termination.* In the event the mortgagee forecloses on the mortgaged property, but does not convey it to the Commissioner in accordance with § 295.11, and the Commissioner is given written notice thereof, or in the event the mortgagor pays the obligation under the mortgage in full, prior to the maturity thereof, and the mortgagee pays any adjusted premium required under § 295.4, and the Commissioner is given written notice by the mortgagee of such payment by the mortgagor, the obligation to pay any subsequent premium charge for insurance shall cease and all rights of the mortgagee and mortgagor, under § 295.11 shall terminate as of the date of such notice.

§ 295.9 *Time of default.* If the mortgagor fails to make any payment, or to perform any other covenant or obligation under the mortgage, and such failure continues for a period of 30 days, the mortgage shall be considered in default, and the mortgagee shall, within 60 days thereafter, give notice in writing to the Commissioner of such default, unless such default has been cured or unless the Commissioner has been notified of a previous default which remains uncured.

§ 295.10 *Transfer of property to the Commissioner; conditions of default in mortgage.* (a) At any time within one year from the date of default the mortgagee, at its election, shall either:

(1) With, and subject to, the consent of the Commissioner, acquire by means other than foreclosure of the mortgage, possession of, and title to, the mortgaged property; or

(2) Commence foreclosure of the mortgage; provided, that, if the laws of the State in which the mortgaged property is situated do not permit the commencement of such foreclosure within such period of time, the mortgagee shall commence such foreclosure within 60 days after the expiration of the time during which such foreclosure is prohibited by such laws.

(b) The mortgagee shall promptly give notice in writing to the Commissioner of the institution of foreclosure proceedings and shall exercise reasonable diligence in prosecuting such proceedings to completion.

(c) For the purpose of this section, the date of default shall be considered as 30 days after the first uncorrected failure to perform a covenant or obligation, or the first failure to make a monthly payment which subsequent payments by the mortgagor are insufficient to cover when applied to the overdue monthly payments in the order in which they became due.

(d) If after default and prior to the completion of foreclosure proceedings the mortgagor shall pay to the mortgagee all monthly payments in default and such expenses as the mortgagee shall have incurred in connection with the foreclosure proceedings, notice shall be given to the Commissioner, and the insurance shall continue as if such default had not occurred.

(e) Nothing contained in this section shall be construed so as to prevent the mortgagee, with the written consent of the Commissioner, from taking action at a later date than herein specified.

(f) If at any time during default the mortgagor is a "person in military service" as such term is defined in the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, the period during which he is in such service shall be excluded in computing the one-year period within which the mortgagee shall commence foreclosure or acquire the property by other means as provided in this section and no postponement or delay in the prosecution of foreclosure proceedings during the period the mortgagor is in such military service shall be construed as failure on the part of the mortgagee to exercise reasonable diligence in prosecuting such proceedings to completion as required by this section.

(g) If the mortgagor is a person in military service as defined in such act, the mortgagee may, by written agreement with the mortgagor, postpone for the period of military service, and three months thereafter, that part of the monthly payment, or any part thereof which represents amortization of principal, provided such agreement contains a provision for the resumption of monthly payments thereafter in amounts which will completely amortize the mortgage debt within its original maturity. Such agreement, however, will in no way affect the amount of the annual mortgage insurance premium which will continue to be calculated in accordance with the original amortization provisions.

§ 295.11 *Condition of property when transferred; delivery of debentures, certificate of claim and definition of term "waste".* (a) If the default is not cured as aforesaid, and if the mortgagee has otherwise complied with the provisions of § 295.10, and at any time within 30 days (or such further time as may be necessary to complete the title examination and perfect such title) after acquiring possession of the mortgaged prop-

erty by foreclosure, or by other means in accordance with § 295.10 (a), tenders to the Commissioner possession of, and a deed containing a covenant which warrants against the acts of the mortgagee and all claiming by, through, or under it, conveying good merchantable title (evidenced as provided in § 295.12) to such property undamaged by fire, earthquake, flood, or tornado, and undamaged by waste, except as hereinafter in this section provided, and assigns (without recourse or warranty) any and all claims which it has acquired in connection with the mortgage transaction, and as a result of the foreclosure proceedings or other means by which it acquired such property, except such claims as may have been released with the approval of the Commissioner, the Commissioner shall promptly accept conveyance of such property and such assignment and shall deliver to the mortgagee:

(1) Debentures of the National Defense Housing Insurance Fund as set forth in section 904 of the act, issued as of the date foreclosure proceedings were instituted or the property was otherwise acquired by the mortgagee after default, bearing interest at the rate of two and one-half per centum per annum payable semiannually on the first day of January and the first day of July of each year, and having a total face value equal to the value of the mortgage as defined in section 904 (a) of the act. Such value shall be determined by adding to original principal of the mortgage, which was unpaid on the date of the institution of foreclosure proceedings or the acquisition of the property otherwise after default, the amount of all payments, which have been made by the mortgagee for taxes, ground rent and water rates, which are liens prior to the mortgage, special assessments, which are noted on the application for insurance or which become liens after the insurance of the mortgage, insurance on the property mortgaged and any mortgage insurance premium paid after the institution of foreclosure proceedings or the acquisition of the property otherwise after default, and by deducting from such total any amount received on account of the mortgage after the institution of foreclosure proceedings or the acquisition of the property otherwise after default and from any source relating to the property on account of rent or other income after deducting reasonable expenses incurred in handling the property. With respect to mortgages on which the unpaid principal obligation at the time of the institution of foreclosure proceedings exceeds eighty per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, there will be included in the debentures issued by the Commissioner, on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Commissioner an amount not in excess of two per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings and not in excess of \$75; or not in excess of two-thirds of such cost, whichever is the greater.

(2) With respect to mortgages to which the provisions of sections 302 and 306 of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, apply, there shall be included in the debentures an amount which the Commissioner finds to be sufficient to compensate the mortgagee for any loss which it may have sustained on account of interest on debentures and the payment of insurance premiums by reason of its having postponed the institution of foreclosure proceedings or the acquisition of the property by other means during any part or all of the period of such military service and 3 months thereafter.

(3) Such debentures shall be registered as to principal and interest and all or any such debentures may be redeemed, at the option of the Commissioner with the approval of the Secretary of the Treasury, at par and accrued interest on any interest payment day on 3 months' notice of redemption given in such manner as the Commissioner shall prescribe.

(4) A certificate of claim in accordance with section 904 (e) of the act, which shall become payable, if at all, upon the sale and final liquidation of the interest of the Commissioner in such property in accordance with said section 904 (e) of the act. This certificate shall be for an amount which the Commissioner shall determine to be sufficient to pay all amounts due under the mortgage and not covered by the amount of debentures and shall include a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings or the acquisition of the mortgaged property otherwise and the conveyance thereof to the Commissioner, including reasonable attorney's fees, unpaid interest and cost of repairs to the property made by the mortgagee after default to remedy the waste mentioned in this section. Each such certificate of claim shall provide that there shall accrue to the holder thereof with respect to the face amount of such certificate, an increment at the rate of three percentum per annum.

(b) The term "waste" as used in this section means permanent or substantial injury caused by unreasonable use, or abuse, and is not intended to include damage caused by ordinary wear and tear.

(c) The provisions of this section concerning waste, shall not apply to mortgages on which the unpaid principal obligation at the time of the institution of foreclosure proceedings exceeds 75 percentum of the appraised value of the property as of the date the mortgage was accepted for insurance.

§ 295.12 Satisfactory title evidence.

(a) Evidence of title of the following types will be satisfactory to the Commissioner:

(1) A fee or owner's policy of title insurance, a guaranty or guarantee of title, or a certificate of title, issued by a title company, duly authorized by law and qualified by experience to issue such; or

(2) An abstract of title prepared by an abstract company or individual engaged in the business of preparing abstracts of title and accompanied by the legal

opinion as to the quality of such title signed by an attorney at law experienced in examination of titles; or

(3) A Torrens or similar title certificate; or

(4) Evidence of title conforming to the standards of a supervising branch of the Government of the United States or of any State or Territory thereof.

(b) Such evidence of title shall be furnished without cost to the Commissioner and shall be executed as of a date to include the recordation of the deed to the Commissioner, and shall show that, according to the public records, there are not, at such date, any outstanding prior liens including any past due and unpaid ground rents, general taxes, or special assessments.

(c) If the title and title evidence are such as to be acceptable to prudent lending institutions and leading attorneys generally in the community in which the property is situated, such title and title evidence will be satisfactory to the Commissioner and will be considered by him as good and merchantable.

(d) The Commissioner will not object to the title by reason of the following matters, provided they are not such as to impair the value of the property for residence purposes, or provided they have been brought to the attention of the insuring office for consideration in fixing the valuation:

(1) Customary easements for public utilities, party walls, driveways, and other purposes; customary building or use restrictions for breach of which there is no reversion and which have not been violated to a material extent;

(2) Such restrictions when coupled with a reversionary clause, provided there has been no violation prior to the date of the deed to the Commissioner;

(3) Slight encroachments by adjoining improvements;

(4) Outstanding oil, water, or mineral rights which, in the opinion of the Commissioner, do not impair the value of the property for residence purposes, or which are customarily waived by prudent lending institutions and leading attorneys generally in the community.

ASSIGNMENTS

§ 295.13 *In general.* (a) When the insured mortgage is transferred to another approved mortgagee, such transferor and transferee shall both notify the Commissioner of such transfer within 30 days thereof, and the transferee shall thereupon succeed to all the rights and become bound by all the obligations of the transferor under the contract of insurance; and the transferor shall thereupon be released from its obligations under the contract of insurance.

(b) Whenever the insured mortgage is transferred to another approved mortgagee for the purposes of collateral only, no notice need be given to the Commissioner until such collateral is foreclosed, but the transferor shall remain subject to all the obligations of the contract of insurance.

§ 295.14 *Termination of contract of insurance by assignment.* The contract of insurance shall terminate upon the happening of either of the following events:

(a) The acquisition of the insured mortgage by, or the pledge thereof to, any person, firm or corporation, public or private, other than an approved mortgagee, whether individually or in trust for another: *Provided*, That this paragraph shall not be applicable to a mortgage acquired or held by an approved mortgagee, which is a banking institution or trust company inspected and supervised by some governmental agency, or a trust held or administered by it in a fiduciary capacity, as long as such fiduciary relationship shall remain in effect;

(b) The disposal by an approved mortgagee of any partial interest in an insured mortgage or group of insured mortgages (whether to another approved mortgagee or otherwise) by means of a declaration of trust, or by a participation or trust certificate, or by any other device: *Provided*, That this paragraph shall not be applicable to any mortgage so long as it is held in a common trust fund maintained by a bank or trust company (1) exclusively for collective investment and reinvestment of moneys contributed thereto by the bank or trust company in its capacity as a trustee, executor or administrator; and (2) in conformity with the rules and regulations prevailing from time to time of the Board of Governors of the Federal Reserve System, pertaining to the collective investment of trust funds: *Provided further*, That this paragraph shall not be applicable to any mortgage so long as it is held in a common trust estate administered by a bank or trust company which is subject to the inspection and supervision of a governmental agency, exclusively for the benefit of other banking institutions which are subject to the inspection and supervision of a governmental agency, and which are authorized by law to acquire beneficial interests in such common trust estate, nor to any mortgage or group of mortgages transferred to such a bank or trust company as trustee exclusively for the benefit of outstanding owners of undivided interests in the trust estate, under the terms of certificates issued and sold more than three years prior to said transfer, by a corporation which is subject to the inspection and supervision of a governmental agency: *And provided further*, That this paragraph shall not be applicable to any participation in a mortgage by one or more banks or trust companies pursuant to an agreement entered into prior to the insurance of such mortgage under which such institutions participate in the advance of construction funds on contemplation of reimbursement from the proceeds of the sale of the insured mortgage, and such participation may continue for such period of time after the insurance of the mortgage as may be required to execute the purposes of such agreement, provided the mortgagee presenting the mortgage for insurance is entitled to all the rights and is bound by all the obligations of the contract of insurance: *And provided further*, That this paragraph shall not be applicable to any participation in a mortgage by two banks or trust companies under an agreement which provides that one of the participants shall be the mortgagee of record under the contract of mortgage

insurance and that the Federal Housing Commissioner shall be under no obligation to recognize or deal with the other participant with respect to the obligations of the mortgagee under the contract of insurance or the rights of the mortgagee to obtain the benefits of the contract of insurance.

AMENDMENTS

§ 295.15 *Amendments to regulations.* The regulations in this part may be amended by the Commissioner at any time and from time to time, in whole or in part, but such amendment shall not affect the contract of insurance on any mortgage already insured, or any mortgage or prospective mortgage on which the Commissioner has made a commitment to insure.

EFFECTIVE DATE

§ 295.16 *Effective date.* The regulations in this part are effective as to all mortgages on which a commitment to insure is issued under this subchapter to an approved mortgagee on or after the date hereof.

Issued at Washington, D. C., November 5, 1951.

[SEAL] FRANKLIN D. RICHARDS,
Federal Housing Commissioner.

[F. R. Doc. 51-13492; Filed, Nov. 8, 1951;
8:45 a. m.]

Subchapter O—National Defense Rental Housing Insurance

PART 296—ELIGIBILITY REQUIREMENTS FOR NATIONAL DEFENSE RENTAL HOUSING INSURANCE

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EFFECTIVE DATE

- 296.40 Effective date.

AUTHORITY: §§ 296.1 to 296.40 issued under sec. 907, as added by sec. 201, Pub. Law 139, 82d Cong.

APPLICATION AND COMMITMENT

§ 296.1 *Information for preliminary examination.* (a) Information required for the examination of a Rental Housing Project under section 908 of the National Housing Act shall be submitted in the form of an application for mortgage insurance by an approved mortgagee and by the sponsors of such project through the local Federal Housing Administration office, on approved FHA Application Form (executed in triplicate). No application will be considered unless the exhibits called for by such form are furnished and a fee of \$1.50 per thousand of the face amount of the mortgage loan applied for (referred to as "Application Fee") is paid.

(b) A further sum (referred to as "Commitment Fee") which when added to the "Application Fee" will aggregate \$3 per thousand of the face amount of the mortgage loan set forth in the commitment shall be paid within fifteen days from delivery of the commitment, otherwise the commitment will be null and void unless extended in writing by the Commissioner.

(c) Upon application for an increase in the amount of an existing commitment, an additional application fee of \$1.50 per thousand shall be paid based upon the amount of the increase requested. Any increase in the amount of a commitment shall be subject to the payment of an additional commitment fee which when added to the additional application fee will aggregate \$3 per thousand of the amount of the increase. If the amount of the insured mortgage is increased after insurance either by amendment or by the substitution of a new insured mortgage, the fees herein provided for shall be based upon the amount of such increase.

(d) If the application is rejected prior to an estimate of cost by the Commissioner, the application fee will be returned to the applicant. Subsequent to such estimate of cost, the fee paid will not be returned.

§ 296.2 *Issuance of commitment.* (a)

Upon approval of an application a commitment will be issued setting forth the terms and conditions upon which the mortgage will be insured, including special requirements applicable to the project, and requiring the submission in final form within a time specified of all appropriate documents, drawings, plans, specifications, estimates, and other instruments evidencing full compliance satisfactory to the Commissioner with the regulations in this part and with such terms and conditions.

(b) Such commitment may be on a form providing for advances of mortgage money during construction and the insurance of such advances as made, or it may be on a form providing for the insurance of the mortgage after completion of the improvements.

(c) No commitment shall be valid unless signed by the Commissioner or his agent authorized for that purpose, and shall, with respect to commitments to insure advances, be effective for a stated period, not in excess of 120 days, but may be renewed in such manner as the Commissioner may from time to time specify.

(d) In the case of a mortgagor of the character described in § 296.22 (b), the application and commitment fees to be paid under this section shall be fixed by the Commissioner, but shall not exceed \$3 per thousand of the original face amount of the mortgage.

(e) An inspection fee computed at the rate of \$5 per thousand of the face amount of the commitment shall be paid as provided for in the commitment.

ELIGIBLE MORTGAGES

§ 296.3 *Mortgage forms.* The mortgage must be executed upon a printed form approved by the Commissioner for use in the jurisdiction in which the property covered by the mortgage is situated, by a mortgagor with the qualifications set forth in §§ 296.19 to 296.22, must be a first lien upon property that conforms with the property standards prescribed by the Commissioner, and the mortgagee must be obligated, as a part of the mortgage transaction, to disburse the entire principal amount of the mortgage to, or for the account of, the mortgagor in conformity with the terms of the commitment. Any changes in the printed form desired by the mortgagor and mortgagee must receive prior written approval of the Commissioner. The mortgage must secure a principal obligation in multiples of \$100.

§ 296.4 *Maximum amount of mortgage.* The mortgage must secure a principal obligation in multiples of \$100 but not to exceed \$5,000,000 and not in excess of 90 per centum of the amount the Commissioner estimates will be the value of the property or project when the proposed improvements are completed: *Provided*, That such mortgage shall not in any event exceed the amount the Commissioner estimates will be the cost of completed physical improvements on the property or project, exclusive of off-site public utilities and streets, and organization and legal expenses, and not in excess of \$8,100 per family unit (or

\$7,200 per family unit if the number of rooms in such property or project does not equal or exceed four per family unit) for such part of such property or project as may be attributable to dwelling use: *Provided*, That the Commissioner may by regulation increase such per family unit dollar amount limitations by not exceeding \$900 in any geographical area where he finds that cost levels so require.

§ 296.5 *Maturity*. The mortgage shall have a maturity satisfactory to the Commissioner, depending upon the risk involved and the general character of the project, and shall contain complete amortization or sinking-fund provisions satisfactory to the Commissioner.

§ 296.6 *Payment requirements*. The mortgage shall provide for monthly payments on the first day of each month by the mortgagor to the mortgagee on account of interest and principal. Such monthly payments may be on a level annuity or declining annuity basis as agreed upon by the mortgagor, the mortgagee and the Commissioner. Where the insured mortgage does not exceed \$200,000, payments on account of principal shall begin not later than the first day of the twelfth month following execution of the mortgage. Where the mortgage does exceed \$200,000, such principal payments shall begin not later than the first day of the twenty-fourth month following execution of the mortgage. In cases where a commitment to insure upon completion has been issued, the respective dates for commencement of amortization will be figured on the same basis from the date the commitment is issued.

§ 296.7 *Interest rate*. The mortgage shall bear interest, not exceeding 4 percentum per annum, on the amount of the principal obligation outstanding at any time, as may be agreed upon between the mortgagor and mortgagee. All charges made in connection with the mortgage transaction shall be subject to the approval of the Commissioner.

§ 296.8 *Mortgage to cover entire property*. The mortgage shall cover the entire property included in the housing project.

§ 296.9 *Covenant against liens*. The mortgage shall, except as provided in § 296.19 contain a covenant against the creation by the mortgagor of liens against the property inferior to the lien of the mortgage.

§ 296.10 *Covenant for fire insurance*. The mortgage shall contain a covenant binding the mortgagor to keep the property insured by a standard policy or policies against fire and such other hazards as the Commissioner, upon the insurance of the mortgage, may stipulate, in an amount which will comply with the co-insurance clause applicable to the location and character of the property, but not less than 80 percentum of the actual cash value of the insurable improvements and equipment of the project. The initial coverage shall be in an amount estimated by the Commissioner at the time of completion of the entire project or units thereof. The policies evidencing such insurance shall have attached thereto a standard mortgagee

clause making loans payable to the mortgagee and the Commissioner; as interests may appear.

§ 296.11 *Soundness of project*. No mortgage shall be accepted for insurance unless the Commissioner finds that the property or project with respect to which the mortgage is executed is an acceptable risk in view of the needs of national defense, except that as to mortgages covering property located in Alaska, no mortgage shall be accepted for insurance unless the Commissioner finds that the property or project is an acceptable risk giving consideration to the acute housing shortage in Alaska.

§ 296.12 *Accumulation of next premium*. (a) The mortgage shall provide for payments by the mortgagor to the mortgagee on each interest payment date of an amount sufficient to accumulate in the hands of the mortgagee one payment period prior to its due date, the next annual mortgage insurance premium payable by the mortgagee to the Commissioner. Such payments shall continue only so long as the contract of insurance shall remain in effect. The mortgage shall provide that upon the payment of the mortgage before maturity, the mortgagor shall pay the adjusted premium charge referred to in § 297.4 of this chapter.

(b) The mortgage shall also provide for such equal monthly payments by the mortgagor to the mortgagee as will amortize the ground rents, if any, and the estimated amount of all taxes, water rates and special assessments, if any, and fire and other hazard insurance premiums, within a period ending one month prior to the dates on which the same become delinquent. The mortgage shall further provide that such payments shall be held by the mortgagee for the purpose of paying such ground rents, taxes, water rates and assessments, and insurance premiums, before the same become delinquent. The mortgage must also make provision for adjustments in case the estimated amount of such taxes, water rates and assessments, and insurance premiums, shall prove to be more, or less, than the actual amount thereof so paid by the mortgagor.

§ 296.13 *Application of payments*. (a) All monthly payments to be made by the mortgagor to the mortgagee shall be added together and the aggregate amount thereof shall be paid by the mortgagor upon each monthly payment date in a single payment. The mortgagee shall apply the same to the following items in the order set forth:

- (1) Premium charges under the contract of insurance;
- (2) Ground rents, taxes, special assessments and fire and other hazard insurance premiums;
- (3) Interest on the mortgage; and
- (4) Amortization of the principal of the mortgage.

(b) Any deficiency in the amount of any such aggregate monthly payments shall constitute an event of default under the mortgage unless paid within 30 days from the date due.

§ 296.14 *Prepayment privilege*. The mortgage must contain a provision per-

mitting the mortgagor to prepay the mortgage in whole or in part upon any interest payment date after giving to the mortgagee 30 days' notice in writing in advance of its intention to so prepay. The mortgagee may, however, include in the mortgage a provision for such additional charge in the event of prepayment of principal as may be agreed upon between the mortgagor and mortgagee: *Provided, however*, That the mortgagor must be permitted to prepay up to 15 per centum of the original principal amount of the mortgage in any one calendar year without any such additional charge.

§ 296.15 *Issuance of bonds*. In the event that bonds are to be issued as a part of the insured mortgage transaction, all arrangements with respect to the issuance and sale of such bonds shall be subject to approval by the Commissioner.

§ 296.16 *Mortgage covenant regarding racial restrictions*. The mortgage shall contain a covenant by the mortgagor that until the mortgage has been paid in full, or the contract of insurance otherwise terminated, he will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the basis of race, color, or creed. Such covenant shall be binding upon the mortgagor and his assigns and shall provide that upon violation thereof, the mortgagee may, at its option, declare the unpaid balance of the mortgage immediately due and payable.

§ 296.17 *Eligible mortgages in Alaska*. The Commissioner may, if he finds that because of higher costs prevailing in the Territory of Alaska, it is not feasible to construct dwellings on property located in Alaska without sacrifice of sound standards of construction, design, and livability, within the limitations as to maximum mortgage amounts provided in § 296.4, prescribe by regulation or otherwise, with respect to dollar amount, a higher maximum for the principal obligation of mortgages covering property located in Alaska, in such amounts as he shall find necessary to compensate for such higher costs but not to exceed, in any event, the maximum otherwise applicable by more than one-half thereof.

§ 296.18 *Maximum charges and fees to be collected by mortgagee*. (a) The mortgagee may charge the mortgagor the amount of the fees provided in § 296.1 and § 296.2, and an initial service charge to reimburse itself for the cost of closing the transaction in an amount not in excess of one and one-half percentum of the original principal amount of the mortgage.

(b) In addition to the charges hereinbefore mentioned, the mortgagee may collect only recording fees, mortgage and stamp taxes, if any, and such costs of survey and title search as are approved by the Commissioner.

ELIGIBLE MORTGAGORS

§ 296.19 *Secondary liens*. (a) In the case of an eligible mortgagor which is regulated or restricted for the purposes

SUPERVISION OF MORTGAGORS

and in the manner provided in § 296.22 (b), or in the case of any project covering property located in Alaska, liens inferior to the lien of the insured mortgage may be allowed against properties of such mortgagors: *Provided*, That the mortgagor in any such case must have initial funds which may be considered in lieu of the equity required of other mortgagors, and such funds (which may be in the form of Government loans, grants, or subsidies or in other form) if sufficient in amount, will be considered satisfactory provided they do not create a lien against the property prior to that of the insured mortgage.

(b) In all other cases a mortgagor must establish that after final disbursement of the loan the property covered by the mortgage is free and clear of all liens other than such mortgage, and that there will not be outstanding any other unpaid obligation contracted in connection with the mortgage transaction or the purchase of the mortgaged property, except obligations which are secured by property or collateral owned by the mortgagor independently of the mortgaged property.

§ 296.20 *Preference in rentals to persons engaged in defense activities.* The mortgagor must establish in a manner satisfactory to the Commissioner that after completion of the dwelling or dwellings preference or priority of opportunity to rent will be given to persons engaged or to be engaged in national defense activities.

§ 296.21 *Credit standing of mortgagor.* A mortgagor must have a general credit standing satisfactory to the Commissioner.

§ 296.22 *Classification of mortgagors.* In addition to meeting the requirements set forth in §§ 296.19 to 296.21, the mortgagor must be—

(a) *Private mortgagors.* A corporation formed or created, with the approval of the Commissioner, for the purpose of providing housing for rent or sale, and possessing powers necessary therefor and incidental thereto, which corporation, until the termination of all obligations of the Commissioner under such insurance, is regulated or restricted by the Commissioner as to rents or sales, charges, capital structures, and methods of operation to such an extent as may be deemed advisable by the Commissioner. Such regulation or restriction shall remain in effect until such time as the mortgage insurance contract terminates without obligation upon the Commissioner to issue debentures as a result of such termination. So long as such contract of insurance is in effect, the corporation shall engage in no business other than the construction and operation of a Rental Housing project or projects; or

(b) *Public mortgagors.* A Federal or State instrumentality, a municipal corporate instrumentality of one or more States, or a limited dividend corporation formed under and restricted by Federal or State housing laws as to rents, charges, and methods of operation.

§ 296.23 *Control of funds during construction.* (a) From its capital funds, the mortgagor shall deposit with the mortgagee, or in a depository satisfactory to the mortgagee and under the control of the mortgagee an amount equivalent to not less than one and one-half per centum of the original principal amount of the mortgage, for the purpose of assuring monthly accruals with the mortgagee during the construction period for the second mortgage insurance premium, real estate taxes due in the year following completion of construction, total premiums for permanent hazard insurance for one year and expenses incidental to equipping and renting the project subsequent to completion of the entire project or units thereof.

(b) The mortgagor must establish in a manner satisfactory to the Commissioner that, in addition to the proceeds of the insured mortgage, the mortgagor has funds sufficient to assure completion of construction of the project and to pay all carrying charges, financing and organization expenses incidental to the construction of the project which funds shall be deposited with and held by the mortgagee in a special account or by an acceptable depository designated by the mortgagee under an appropriate agreement approved by the Commissioner which will require all such construction funds to be expended for work and material on the physical improvements prior to the advance of any mortgage money and for other charges and expenses to be paid when due.

(c) The Commissioner may require the deposit with the mortgagee or with an acceptable trustee or escrow agent designated by the mortgagee under an appropriate agreement of such cash as may be required for the completion of off-site public utilities and streets.

(d) The mortgagor shall be regulated through the ownership by the Commissioner of certain shares of special stock, which stock will acquire majority voting rights in the event of default under the mortgage or violation of provisions of the charter of the mortgagor or the violation of any valid agreement entered into between the mortgagor, the mortgagee and/or the Commissioner, but only for a period coextensive with the duration of such default or violation. The shares of stock issued to the Commissioner shall be in sufficient amount to constitute under the laws of the particular State a valid special class of stock and shall be issued in consideration of the payment by the Commissioner of not exceeding in the aggregate \$100. Such stock shall be represented by a certificate issued in the name of the Federal Housing Administration. Upon termination of all obligations of the Commissioner under his contract of mortgage insurance or any succeeding contract or agreement covering the mortgage obligation, including the obligation upon the Commissioner to issue debentures as a result of such termination, all regulation and restriction of the mortgagor shall cease. When the right of the Com-

missioner to regulate or restrict the mortgagor shall so terminate, the shares of special stock shall be surrendered by the Commissioner upon reimbursement of his payments therefor plus accrued dividends, if any, thereon. Such regulation and the additional regulation or restriction hereinafter provided in this section shall be made effective by incorporation of appropriate provisions therefor in the charter under which the mortgagor is created.

§ 296.24 *Items to be regulated or restricted.* The following are the items which will be regulated or restricted in the manner and to the extent hereinbefore indicated:

(a) No charge shall be made by the mortgagor for the accommodations offered by the project in excess of a rental schedule to be filed with the Commissioner and approved by him or his duly constituted representative prior to the opening of the project for rental, which schedule shall be based upon a maximum average rental fixed prior to the insurance of the mortgage, and shall not thereafter be changed except upon application of the mortgagor to, and the written approval of the change by, the Commissioner.

(b) The established maximum rental shall be the maximum authorized charge against any tenant for the accommodations offered exclusive of telephone, gas, electric, and refrigeration facilities. Charges in addition to such maximum rental may be made against a tenant for telephone, gas, electric, refrigeration, and other facilities and privileges furnished by the mortgagor, but only with the prior written approval of the Commissioner.

(c) The corporation shall maintain its project, the grounds, buildings, and equipment appurtenant thereto, in good repair and in such condition as will preserve the health and safety of its tenants.

(d) A fund for replacements shall be accumulated and maintained with the mortgagee so long as the mortgage insurance is in force, and the amount and type of such Fund and the conditions under which it shall be accumulated, replenished and used, shall be specified in the charter. Failure to comply with the terms of this requirement may be considered by the Commissioner as a default under the terms of the charter.

(e) The corporation, its property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and papers shall be subject to inspection and examination by the Commissioner or his duly authorized agent at all reasonable times.

(f) The books and accounts of the corporation shall be kept in accordance with the uniform system of accounting prescribed by the Commissioner. The corporation shall file with the Commissioner the following reports verified by the signature of such officers of the corporation as the Commissioner may designate and in such form as prescribed by the Commissioner:

(1) Monthly occupancy reports, when required by the Commissioner;

(2) Annual reports prepared by a certified public accountant, to be filed

within 60 days after the end of each fiscal year;

(3) Specific answers to questions upon which information is desired from time to time relative to the operation and condition of the property and the status of the insured mortgage;

(4) Copies of minutes of stockholders' and directors' meetings certified to by the Secretary of the Corporation, when required by the Commissioner.

§ 296.25 *No discrimination against children.* The mortgagor must certify under oath that in selecting tenants for the property covered by the mortgage, the mortgagor will not discriminate against any family by reason of the fact that there are children in the family, and that the mortgagor will not sell the property while the mortgage insurance is in effect unless the purchaser also so certifies, such certifications to be filed with the Commissioner. (The act provides that violation of any such certification is a misdemeanor punishable by a fine not to exceed \$500.)

§ 296.26 *Form of completion assurance.* Assurance for the completion of a project may be either bond of a surety company satisfactory to the Commissioner on the standard form prescribed by the Commissioner with the mortgagor and mortgagee as joint obligees in the penal sum of at least ten percentum of the cost of construction of the project, or the personal undertaking or obligation in a form and by an obligor or obligors designated by the mortgagee and satisfactory to the Commissioner in an amount at least equal to ten percentum of the construction cost of the project, or an escrow deposit with the mortgagee, or with a depository satisfactory to the mortgagee and the Commissioner, of cash or securities of, or fully guaranteed as to principal and interest by, the United States of America, under a completion assurance agreement prescribed by the Commissioner, of an amount at least equal to ten percentum of the estimated cost of construction of the project, or may be in such other form as may be recommended by the mortgagee and approved in writing by the Commissioner.

ELIGIBLE MORTGAGEES

§ 296.27 *Classifications.* (a) The following may become the mortgagee of a mortgage insured under section 908 of the National Housing Act:

(1) Any institution or organization which is approved as a mortgagee under the National Housing Act; and

(2) Any other chartered institution or permanent organization having succession, upon its approval by the Commissioner for a particular transaction.

(b) The mortgagee must demonstrate to the satisfaction of the Commissioner its ability to make the mortgage and service the same. The Commissioner reserves the right to refuse to approve any institution or organization as the mortgagee of a particular mortgage or to withhold any such approval pending compliance by such institution or organization, with additional conditions which in the discretion of the Commissioner are required in the particular case.

(c) Approval of a mortgagee may be withdrawn by notice from the Commissioner for cause sufficient to the Commissioner, but no withdrawal will in any way affect the insurance on mortgages theretofore accepted for insurance.

§ 296.28 *Required inspections.* As a condition precedent to insurance, the mortgagee must agree that, so long as the mortgage is an insured mortgage, it will ascertain the general physical condition of the mortgaged property in each calendar year commencing with the calendar year following completion of the project and will furnish the Commissioner with a copy of its inspection report. If, at any time, it be determined by the mortgagee that, in addition to ordinary wear and tear, the mortgaged property is being subjected to permanent or substantial injury, through unreasonable use, abuse or neglect, the mortgagee will, unless adequate provision satisfactory to a prudent lender is made for the prompt restoration of the mortgaged property, forthwith take such action as may be available to it under the mortgage and appropriate to the particular case, for the protection and preservation of the mortgaged property and the income therefrom, and the submission of an application for insurance shall be evidence of such agreement.

ELIGIBLE PROPERTIES

§ 296.29 *Eligibility of property.* (a) A mortgage to be eligible for insurance must be on real estate held in fee simple, or on the interest of the lessee under a lease for not less than 99 years which is renewable or under a lease having a period of not less than 75 years to run from the date the mortgage is executed, or under a lease executed by a governmental agency for the maximum term consistent with its legal authority, provided such lease has a period of not less than 50 years to run from the date the mortgage is executed.

§ 296.30 *Development of property.* At the time the mortgage is insured:

(a) The mortgagor shall be obligated to construct and complete new housing accommodations on the mortgaged property designed principally for residential use, conforming to standards satisfactory to the Commissioner, and consisting of not less than 12 rentable dwelling units on one site and may be detached, semi-detached, or row houses, or multi-family structures.

(b) There shall be located on the mortgaged property a building or buildings, which, upon completion of proposed improvements, will provide housing accommodations designed principally for residential use, conforming to standards satisfactory to the Commissioner, and containing at least 12 rentable dwelling units preferably but not necessarily contiguous and so located in relation to one another as to effect a substantial improvement of housing standards and conditions in the neighborhood.

(c) Such dwelling and other improvements, if any, must not violate any zoning or deed restrictions applicable to the project site (other than race restrictions) and must comply with all appli-

cable building and other governmental regulations.

(d) Any project may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

§ 296.31 *Certificate of mortgagor regarding racial restrictions.* A mortgagor must establish that no restriction upon the sale or occupancy of the mortgaged property, on the basis of race, color, or creed, has been filed of record at any time subsequent to February 15, 1950, and prior to the recording of the mortgage offered for insurance, and must certify that, until the mortgage has been paid in full or the contract of insurance otherwise terminated, he will not file for record any such restriction affecting the mortgaged property or execute any agreement, lease, or conveyance affecting the mortgaged property which imposes any such restriction upon its sale or occupancy.

§ 296.32 *Location of property.* The property covered by the mortgage must be located in an area determined by the President, pursuant to section 101 of the Defense Housing and Community Facilities and Services Act of 1951, to be a critical defense housing area.

TITLE

§ 296.33 *Eligibility of title.* In order for the mortgaged property to be eligible for insurance, the Commissioner must determine that marketable title thereto is vested in the mortgagor as of the date the mortgage is filed for record. The title evidence will be examined by the Commissioner and the original endorsement of the credit instrument for insurance will be evidence of its acceptability.

§ 296.34 *Title evidence.* Upon insurance of the mortgage, the mortgagee, without expense to the Commissioner, shall furnish to the Commissioner a survey satisfactory to him and a policy of title insurance as provided in paragraph (a) of this section, or, if the mortgagee is unable to furnish such policy for reasons satisfactory to the Commissioner, the mortgagee, without expense to the Commissioner, shall furnish such evidence of title as provided in paragraphs (b), (c) or (d) of this section, as the Commissioner may require.

(a) A policy of title insurance with respect to such mortgage, issued by a company satisfactory to the Commissioner. Such policy shall comply with the "L. I. C. Standard Mortgage Form", or the "A. T. A. Standard Mortgage Form", or such other form as may be approved by the Commissioner; shall be payable to the mortgagee and the Commissioner as their respective interests may appear; and shall become an owner's policy, running to the mortgagee as owner upon the acquisition of the property by the mortgagee in extinguishment of the debt through foreclosure or by other means as provided in § 297.8 (b) (1) of this chapter and to the Commissioner as owner upon the acquisition of the property by him pursuant to the mortgage insurance contract.

(b) An abstract of title satisfactory to the Commissioner, prepared by an abstract company or individual engaged in the business of preparing abstracts of title, accompanied by a legal opinion satisfactory to the Commissioner as to the quality of such title, signed by an attorney at law experienced in the examination of titles.

(c) A torrens or similar title certificate.

(d) Evidence of title conforming to the standards of a supervising branch of the Government of the United States of America, or of any State or Territory thereof.

MORTGAGOR'S AGREEMENT AND CERTIFICATION AS TO COSTS

§ 296.35 *Agreement to execute certificate.* (a) Prior to initial endorsement for insurance the mortgagor, mortgagee and the Commissioner shall enter into an agreement (in form and content satisfactory to the Commissioner) under which the mortgagor shall agree to execute the certificate required pursuant to § 296.36, and comply with the obligation of the mortgagor to reduce the amount of the mortgage as set forth in paragraph (b) of this section. Such agreement shall also disclose the relationship, if any, between the mortgagor, or any of its officers, directors or stockholders, with the general contractor selected to perform the construction, and the mortgagor shall agree that the execution of the certificate required pursuant to § 296.36 may be accepted by the Commissioner as evidence that no change in such disclosed relationship has occurred during construction and prior to the execution of such certificate.

(b) The agreement required under paragraph (a) of this section shall, in the case of a mortgage on real estate held in fee simple, obligate the mortgagor to reduce the amount of the mortgage by the amount, if any, by which the proceeds of the mortgage loan exceed the actual cost, as disclosed by the certificate required by § 296.36, of the physical improvements on the mortgaged property or project (exclusive of off-site public utilities and streets and of organization and legal expenses); or, in the case of a mortgage on the interest of a lessee, obligate the mortgagor to reduce the amount of the mortgage by the amount, if any, by which the proceeds of the mortgage loan exceed 90 per centum of the actual cost, as disclosed by the certificate required by § 296.36, of the physical improvements on the mortgaged property or project (exclusive of off-site public utilities and streets and of organization and legal expenses).

§ 296.36 *Mortgagor's certificate as to costs.* (a) The certificate required under this section shall be executed by the mortgagor after completion of the physical improvements on the mortgaged property and prior to the final endorsement of the mortgage, and shall be in such form as the Commissioner may prescribe.

(b) If the mortgagor establishes to the satisfaction of the Commissioner that no officer, director or stockholder of the mortgagor is also an officer, direc-

tor or stockholder of the general contractor or in any manner has any financial interest in the general contractor, the amount of the construction contract will be accepted by the Commissioner as the amount of the actual cost of that part of said physical improvements represented by the work to be performed under such contract. In all such cases the required certificate shall be accompanied by a statement on a form prescribed by the Commissioner, setting forth the amount actually paid under the construction contract exclusive of any refunds, rebates or other payments to the mortgagor or for its account; together with an itemization of the cost of all other labor and materials and necessary services in connection with the construction of any physical improvements, which are in addition to the work to be performed under the construction contract, including, but not limited to, utilities within the boundaries of the property or project; architects' fees actually paid, no part of which has or will accrue to benefit of the mortgagor; taxes, interest and insurance during construction; and other miscellaneous charges incidental to construction and approved by the Commissioner; but excluding all kickbacks, rebates and normal trade discounts received in connection with the construction of that part of such physical improvements not representing work to be performed under the construction contract. The mortgagor shall keep and maintain adequate records of all costs of such construction not representing work to be performed under the construction contract and shall make such records available for examination upon request by the Commissioner.

(c) Unless the Commissioner is satisfied that no officer, director or stockholder of the mortgagor-corporation is an officer, director or stockholder of the general contractor and that no such officer, director or stockholder of the mortgagor-corporation has any financial interest in the general contractor, the contract or contracts entered into by the mortgagor for the construction of the project, shall provide for payment on the basis of the actual cost of the work to be performed, exclusive of all kickbacks, rebates and normal trade discounts, plus a fixed fee in a reasonable amount satisfactory to the Commissioner, but such contract or contracts shall further provide a maximum upset price and shall require the contractor under any such contract or contracts to keep and maintain adequate records of all costs, and to make such records available for examination upon request by the Commissioner. In all such cases the required certificate shall be accompanied by statements executed by the contractor and the mortgagor, on forms prescribed by the Commissioner, itemizing all actual costs of labor and materials and necessary services in connection with the construction of physical improvements, including, but not limited to, utilities within the boundaries of the property or project; architects' fees actually paid, no part of which has or will accrue to the benefit of the mortgagor; taxes, interest and insurance during construction; and other miscellaneous

charges incidental to construction and approved by the Commissioner, but excluding all kickbacks, rebates and normal trade discounts received in connection with the construction of such physical improvements.

(d) Any agreement, undertaking, statement or certification required under § 296.35 or this section shall specifically state that it is made, presented and delivered for the purpose of influencing an official action of the Federal Housing Administration and of the Federal Housing Commissioner and may be relied upon by the Commissioner as a true statement of the facts contained therein.

INSURANCE OF ADVANCES DURING CONSTRUCTION

§ 296.37 *Agreement with respect to advances during construction.* (a) The Commissioner, the mortgagor and the mortgagee shall, prior to the insurance of the mortgage, agree with respect to the manner and conditions under which advances (if any) during construction are to be made by the mortgagee and approved for insurance by the Commissioner.

(b) Such agreement shall require the mortgagee to notify the Commissioner, through the insuring office having jurisdiction over the territory in which the property is situated, in writing, on an application form prescribed by the Commissioner, setting forth the proposed date and the amount of the advance to be made, and the Commissioner shall deliver to the mortgagee within a reasonable time from the date of such notice a certificate executed on behalf of the Commissioner on a form prescribed by him setting forth the amount approved for insurance or advising the mortgagee of the Commissioner's nonapproval and setting forth the reasons therefor.

(c) Such agreement shall be set forth on a form prescribed by the Commissioner, shall contain such additional terms, conditions and provisions as the Commissioner shall in the particular case prescribe or approve, and, when properly executed by the Commissioner and the mortgagee, shall constitute a part of the mortgage insurance contract.

PREVAILING WAGES

§ 296.38 *Compliance with regulations of the Secretary of Labor.* (a) Any contract or subcontract executed for the performance of construction of the project shall comply with all applicable labor standards and provisions of the regulations of the Secretary of Labor, issued May 9, 1951, 29 CFR 5.1-5.12 (46 F. R. 4430).

(b) No construction contract shall be entered into with a general contractor or any subcontractor if such contractor or any such subcontractor or any firm, corporation, partnership or association in which such contractor or subcontractor has a substantial interest, is included on the ineligible list of contractors or subcontractors established and maintained by the Comptroller General, pursuant to regulations of the Secretary of Labor, 29 CFR 5.6 (b) (16 F. R. 4431).

(c) No advance under the mortgage shall be eligible for insurance after notification from the Commissioner that the

general contractor or any subcontractor or any firm, corporation, partnership or association in which such contractor or subcontractor has a substantial interest was, on the date the contract or subcontract was executed, on the ineligible list established by the Comptroller General, pursuant to the provisions of regulations of the Secretary of Labor, 29 CFR 5.6 (b) (16 F. R. 4431).

§ 296.39 *Certificates with respect to payment of prevailing wages.* No advance under any mortgage shall be eligible for insurance unless there is filed with the application for such advance a certificate or certificates in the form required by the Commissioner, certifying that the laborers and mechanics employed in the construction of the dwelling or dwellings or housing project involved have been paid not less than the wages prevailing in the locality in which the work was performed for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor prior to the beginning of construction and after the date of filing of the application for insurance.

EFFECTIVE DATE

§ 296.40 *Effective date.* The administrative rules in this part shall be effective as to all mortgages with respect to which a commitment to insure shall be issued on or after the date hereof.

Issued at Washington, D. C., November 5, 1951.

FRANKLIN D. RICHARDS,
Federal Housing Commissioner.

[F. R. Doc. 51-13494; Filed, Nov. 8, 1951;
8:46 a. m.]

PART 297—NATIONAL DEFENSE RENTAL HOUSING INSURANCE; RIGHTS AND OBLIGATIONS OF MORTGAGEE UNDER INSURANCE CONTRACT

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297.18 Amendments to regulations.

EFFECTIVE DATE

297.19 Effective date.

AUTHORITY: §§ 297.1 to 297.19 issued under sec. 907, as added by sec. 201, Pub. Law 139, 82d Cong.

§ 297.1 *Citation.* The regulations in this part may be cited as 24 CFR Part 297, and referred to as "Regulations of the Federal Housing Commissioner for National Defense Rental Housing Mortgage Insurance."

DEFINITIONS

§ 297.2 *Definition of terms used in this part.* As used in the regulations in this part:

(a) The term "Commissioner" means the Federal Housing Commissioner.

(b) The term "act" means the National Housing Act, as amended.

(c) The term "mortgage" means such a first lien upon real estate and other property as is commonly given to secure advances (including but not being limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State, district or territory in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby.

(d) The term "insured mortgage" means a mortgage which has been insured by the endorsement of the credit instrument by the Commissioner, or his duly authorized representative.

(e) The term "contract of insurance" means the agreement evidenced by such endorsement and includes the terms, conditions and provisions of these Regulations and of the National Housing Act.

(f) The term "mortgagor" means the original borrower under a mortgage and its successors and such of its assigns as are approved by the Commissioner.

(g) The term "mortgagee" means the original lender under a mortgage, its successors and such of its assigns as are approved by the Commissioner, and includes the holders of the credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named.

PREMIUMS

§ 297.3 *Annual mortgage insurance premiums.* (a) The mortgagee, upon the initial endorsement of the mortgage for insurance, shall pay to the Commissioner a first mortgage insurance premium equal to one-half of one per centum of the original face amount of the mortgage.

(1) If the date of the first principal payment is more than one year following the date of such initial insurance endorsement the mortgagee, upon the anniversary of such insurance date, shall pay a second premium equal to one-half of one per centum of the original face amount of the mortgage. On the date of the first principal payment the mortgagee shall pay a third premium equal to

one-half of one per centum of the average outstanding principal obligation of the mortgage for the following year which shall be adjusted so as to accord with such date and so that the aggregate of the said three premiums shall equal the sum of (i) one per centum of the average outstanding principal obligation of the mortgage for the year following the date of initial insurance endorsement and (ii) one-half of one per centum per annum of the average outstanding principal obligation of the mortgage for the period from the first anniversary of the date of initial insurance endorsement to one year following the date of the first principal payment.

(2) If the date of the first principal payment is one year or less than one year following the date of such initial insurance endorsement the mortgagee, upon such first principal payment date, shall pay a second premium equal to one-half of one per centum of the average outstanding principal obligation of the mortgage for the following year which shall be adjusted so as to accord with such date and so that the aggregate of the said two premiums shall equal the sum of (i) one per centum per annum of the average outstanding principal obligation of the mortgage for the period from the date of initial insurance endorsement to the date of first principal payment and (ii) one-half of one per centum of the average outstanding principal obligation of the mortgage for the year following the date of the first principal payment.

(3) Where the credit instrument is initially and finally endorsed for insurance pursuant to a Commitment to Insure Upon Completion, the mortgagee on the date of the first principal payment shall pay a second premium equal to one-half of one per centum of the average outstanding principal obligation of the mortgage for the year following such first principal payment date which shall be adjusted so as to accord with such date and so that the aggregate of the said two premiums shall equal the sum of one-half of one per centum per annum of the average outstanding principal obligation of the mortgage for the period from the date of the insurance endorsement to one year following the date of the first principal payment.

(b) Until the mortgage is paid in full or until claim under the contract of insurance is made or until the contract of insurance shall terminate, the mortgagee, on each anniversary of the date of the first principal payment, shall pay an annual mortgage insurance premium equal to one-half of one per centum of the average outstanding principal obligation of the mortgage for the year following the date on which such premium becomes payable.

(c) The premiums payable on and after the date of the first principal payment shall be calculated in accordance with the amortization provisions without taking into account delinquent payments or prepayments.

(d) Premiums shall be payable in cash or in debentures issued by the Commissioner under Title IX of the act at par plus accrued interest. All premiums are payable in advance and no refund

can be made of any portion thereof except as provided in § 297.4.

§ 297.4 *Prepayment premiums.* (a) In the event that the principal obligation of any mortgage accepted for insurance is paid in full prior to maturity, the mortgagee shall within 30 days thereafter notify the Commissioner of the date of prepayment and shall, except with respect to a mortgage covering a release clause project, collect from the mortgagor and pay to the Commissioner an adjusted premium charge of one percentum of the original face amount of the prepaid mortgage, except that if at the time of any such prepayment there is placed on the mortgaged property a new insured mortgage in an amount less than the original face amount of the prepaid mortgage, an adjusted premium shall be paid based upon the difference between such amounts at the rate applicable as above stated, depending upon the date of prepayment.

(b) In no event shall the adjusted premium charge exceed the aggregate amount of premium charges which would have been payable if the mortgage had continued to be insured until maturity.

(c) No adjusted premium charge shall be due the Commissioner in the following cases:

(1) Where at the time of such prepayment there is placed on the mortgaged property a new insured mortgage for an amount equal to or greater than the original principal amount of the prepaid mortgage; or

(2) Where the final maturity specified in the mortgage is accelerated solely by reason of partial prepayments made by the mortgagor which do not exceed in any one calendar year fifteen per centum of the original face amount of the mortgage; or

(3) Where the final maturity specified in the mortgage is accelerated solely by reason of payments to principal to compensate for damage to the mortgaged property, or a release of a part of such property; if approved by the Commissioner; or

(4) Where payment in full is made of a delinquent mortgage on which foreclosure proceedings have been commenced, or for the purpose of avoiding foreclosure, if the Commissioner, in his discretion, agrees in writing to waive the payment thereof; or

(5) Where, at the time of such prepayment, there is placed on the property a new insured mortgage less than the original principal amount of the prepaid mortgage: *Provided*, That the Commissioner finds that the collection of such charge would be inequitable under the particular circumstances of the transaction.

(d) Upon such prepayment the contract of insurance shall terminate.

(e) At the time of prepayment, the Commissioner will refund to the mortgagee for the account of the mortgagor an amount equal to the pro rata portion of the current annual mortgage insurance premium theretofore paid, which is applicable to the portion of the year subsequent to such prepayment.

INSURANCE ENDORSEMENT

§ 297.5 *Form of endorsement of original credit instrument.* (a) Upon compliance satisfactory to the Commissioner with the terms and conditions of his commitment to insure, the Commissioner shall endorse the original credit instrument in form as follows:

No. _____
Insured under section 908
of the National Housing Act
and regulations thereunder of the
Federal Housing Commissioner
In effect on _____
to the extent of advances
Approved by the Commissioner
FEDERAL HOUSING COMMISSIONER
By _____
(Authorized agent)
Date _____

§ 297.6 *Contract of insurance.* The mortgage shall be an insured mortgage from the date of such endorsement. The Commissioner and the mortgagee shall thereafter be bound by the regulations in this part with the same force and to the same extent as if a separate contract had been executed relating to the insured mortgage, including the provisions of the regulations in this part and of the National Housing Act.

§ 297.7 *Approval endorsement form.* After all advances under the mortgage have been made with the approval of the Commissioner, the Commissioner shall, upon presentation of the original credit instrument, make a notation below the insurance endorsement in form as follows:

A total sum of \$ _____
has been approved for insurance hereunder
By the Commissioner
FEDERAL HOUSING COMMISSIONER
By _____
(Authorized agent)
Date _____

RIGHTS AND DUTIES OF A MORTGAGEE UNDER THE CONTRACT OF INSURANCE

§ 297.8 *Benefits of insurance.* The mortgagee shall be entitled to receive the benefits of the insurance, at its option, either as provided in paragraph (a) or paragraph (b) of this section.

(a) If the mortgagor fails to make any payment due under or provided to be paid by the terms of the mortgage, whether or not such failure to pay is caused by failure to perform some other covenant or obligation under the mortgage because of which the mortgagee has declared the full amount due and payable under an acceleration clause contained therein, and such failure continues for a period of 30 days, the mortgage shall be considered in default and the mortgagee shall within 30 days thereafter give notice in writing to the Commissioner of such default. At any time within 30 days after the date of such notice, or within such further period as may be agreed upon by the Commissioner in writing, the mortgagee shall, in such manner as the Commissioner may require, assign, transfer, and deliver to the Commissioner the original credit instrument and the mortgage securing the same, without recourse or warranty, except that the mortgagee must warrant that no act or omission

of the mortgagee has impaired the validity and priority of the mortgage, that the mortgage is prior to all mechanics' and materialmen's liens filed of record subsequent to the recording of such mortgage regardless of whether such liens attached prior to such recording date, and prior to all liens and encumbrances which may have attached or defects which may have arisen subsequent to the recording of such mortgage except such liens or other matters as may be approved by the Commissioner, that the amount stated in the instrument of assignment is actually due and owing under the mortgage, that there are no offsets or counterclaims thereto, and that the mortgagee has a good right to assign and shall assign to the Commissioner the mortgage and other items enumerated below:

(1) All rights and interest arising under the mortgage so in default;

(2) All claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction;

(3) All policies of title or other insurance or surety bonds or other guaranties, and any and all claims thereunder;

(4) Any balance of the mortgage loan not advanced to the mortgagor;

(5) Any cash or property held by the mortgagee or its agents or to which it is entitled, including deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and

(6) All records, documents, books, papers, and accounts relating to the mortgage transaction.

The mortgagee shall offer evidence satisfactory to the Commissioner that the original title coverage has been extended to include the assignment of the mortgage to the Commissioner.

Nothing contained in this paragraph shall be so construed as to prevent the mortgagee from taking action at a later date than herein specified, provided the Commissioner agrees thereto in writing.

(b) If the mortgagor fails to make any payment to the mortgagee required by the mortgage, or fails to perform any other covenant or obligation under the mortgage, and such failure continues for the period of grace, if any, set forth in the mortgage, the mortgage shall be considered in default, and the mortgagee, within a period of 30 days after the occurrence of a default arising on account of such failure to make any such payment or within 30 days after the mortgagee shall have knowledge of the occurrence of a default arising on account of such failure to perform any other covenant or obligation under the mortgage, shall give notice in writing to the Commissioner of such default. At any time within a period of 30 days after the date of such notice or within such later time as may be agreed upon by the Commissioner in writing, the mortgagee, at its election shall either:

(1) With, and subject to, the consent of the Commissioner, acquire by means other than foreclosure of the mortgage, possession of, and title to, the mortgaged property;

(2) Institute proceedings for the foreclosure of the mortgage and either obtain possession of the mortgaged property and the income therefrom through the voluntary surrender thereof by the mortgagor or institute, and prosecute with reasonable diligence, proceedings for the appointment of a receiver of the mortgaged property and the income therefrom or proceed to exercise such other rights and remedies as may be available to it for the protection and preservation of the mortgaged property and to obtain the income therefrom under the mortgage and the law of the particular jurisdiction: *Provided*, That if the laws of the State in which the mortgaged property is situated do not permit the institution of such proceedings within such period of time, the mortgagee shall institute such proceedings within 30 days after the expiration of the time during which the institution of such proceedings is prohibited by such laws. Nothing contained in this paragraph shall be so construed as to require the mortgagee to take any action when the necessity therefor has been waived in writing by the Commissioner nor to prevent the mortgagee from taking action at a later date than herein specified provided the Commissioner so agrees in writing. The mortgagee shall promptly give notice in writing to the Commissioner of the institution of foreclosure proceedings under this subparagraph and shall exercise reasonable diligence in prosecuting such proceedings to completion. If after default and prior to the completion of foreclosure proceedings the mortgagor shall pay to the mortgagee all payments in default and such expenses as the mortgagee shall have incurred in connection with the foreclosure proceedings, notice thereof shall be given to the Commissioner by the mortgagee, and the insurance shall continue as if such default had not occurred.

§ 297.9 *Computation of benefits received by assignment.* If the mortgagee elects to proceed under, and does proceed under and in accordance with, the provisions of § 297.8 (a) and furnishes evidence satisfactory to the Commissioner that there are no past due and unpaid ground rents, general taxes, or special assessments, and furnishes the warranties described in said subsection, the Commissioner shall deliver to the mortgagee:

(a) Debentures of the National Defense Housing Insurance Fund as set forth in section 908 of the act having a total face value equal to the value of the mortgage as defined in section 908 (c) of the act, which value shall be determined by adding to the original principal of the mortgage which was unpaid on the date of default the amount the mortgagee may have paid for (1) taxes, special assessments, and water rates which are liens prior to the mortgage; (2) insurance on the property; and (3) reasonable expenses for the completion and preservation of the property, and any mortgage insurance premiums paid after default; less the sum of (d) an amount equivalent to one percentum of the amount of the mortgage advanced to

the mortgagor and unpaid; (ii) any amount received on account of the mortgage after such date; and (iii) any net income received by the mortgagee from the property after such date. Such debentures shall be issued as of the date the mortgage became in default, bearing interest from such date at the rate of two and one-half percentum per annum, payable semiannually on the first day of January and the first day of July of each year, shall be registered as to principal and interest and all or any such debentures may be redeemed at the option of the Commissioner with the approval of the Secretary of the Treasury at par and accrued interest on any interest payment date on three months' notice of redemption given in such manner as the Commissioner shall prescribe. Such debentures shall be issued in multiples of \$50 and any difference not in excess of \$50 between the amount of debentures to which the mortgagee is otherwise entitled hereunder and the aggregate face value of the debentures issued shall be paid in cash by the Commissioner to the mortgagee.

(b) A certificate of claim in accordance with section 908 (d) of the act which shall become payable, if at all, upon the sale and final liquidation of the interest of the Commissioner in such mortgage or such property, in accordance with section 908 (d) of the act. This certificate shall be for an amount which the Commissioner determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, on the date of the assignment, transfer and delivery to the Commissioner provided for in § 297.8 (a), the mortgagor had extinguished the mortgage indebtedness by payment in full of all obligations under the mortgage. Such certificate of claim shall provide that there shall accrue to the holder of such certificate, with respect to the face amount of such certificate, an increment at the rate of three per centum per annum, which shall not be compounded. If any excess is realized from the mortgage, and all claims in connection therewith so assigned, transferred and delivered, and from the property covered by such mortgage and all claims in connection with such property, after deducting all expenses incurred by the Commissioner in handling, dealing with, acquiring title to, and disposing of such mortgage and property and in collecting such claims, such excess shall be applied in payment of the certificate of claim and any balance thereafter shall be retained by the Commissioner and credited to the National Defense Housing Insurance Fund.

§ 297.10 *Computation of benefits received by conveyance.* If the mortgagee elects to proceed under, and does proceed under and in accordance with, the provisions of § 297.8 (b) and at any time within 30 days (or such further time as may be allowed by the Commissioner in writing) after acquiring title to and possession of the mortgaged property in accordance with § 297.8 (b), tenders to the Commissioner possession thereof and

a Deed thereto containing a covenant which warrants against acts of the mortgagee and of all parties claiming by, through, or under the mortgagee, together with a bill of sale covering all personal property to which the mortgagee is entitled by reason of the mortgage transaction, conveying title to such property satisfactory to the Commissioner, as provided in § 297.11, and assigns (without recourse or warranty) any and all claims which it has acquired in connection with the mortgage transaction and as a result of the foreclosure proceedings or other means by which it acquired such property, including but not limited to any claims on account of title insurance and fire or other hazard insurance, except such claims as may have been released with the prior approval of the Commissioner, the Commissioner shall promptly accept conveyance of such property and such assignments, notwithstanding that the buildings or improvements thereon shall be incomplete or may have been destroyed, damaged, or injured in whole or in part, and shall deliver to the mortgagee debentures and Certificate of Claim as provided in § 297.9, except that the one percentum deduction set out in § 297.9 (a) with respect to the amount of debentures shall not apply.

§ 297.11 *Title in case of conveyance.* Title satisfactory to the Commissioner within the meaning of § 297.10 will be such title as was vested in the mortgagor as of the date the mortgage was filed for record, but must be free and clear of all mechanics' and materialmen's liens filed of record subsequent to the recording of such mortgage, regardless of whether such liens attached prior to such recording date, and free and clear of all liens and encumbrances which may have attached, or defects which may have arisen subsequent to the recording of such mortgage, except such liens or other matters as may be approved by the Commissioner.

§ 297.12 *Evidence of title.* The mortgagee, at the time a deed is tendered in accordance with § 297.10, shall furnish to the Commissioner without expense to him satisfactory evidence of such title. Such title evidence shall be executed as of a date to include the recordation of the deed to the Commissioner, and shall be in the form of an owner's policy of title insurance, or a satisfactory abstract and attorney's opinion covering the period subsequent to the recording of the mortgage, or a satisfactory continuation of the title evidence accepted by the Commissioner at the time the mortgage was insured, depending upon the form of title evidence originally accepted by the Commissioner.

§ 297.13 *Fire and hazard insurance.* The mortgaged premises shall at all times be insured against fire and other hazards as provided in the mortgage. The duty shall be upon the mortgagee to provide such coverage in the event the mortgagor fails to do so. If the mortgagee fails to pay any premiums necessary to keep the mortgaged premises so insured, the contract of insurance may be terminated at the election of the

Commissioner. If at the time claim is filed for debentures, the property has been damaged by fire or other hazards and loss has been sustained by reason of failure to keep the property insured as provided in the mortgage, the amount of such loss may be deducted from the amount of the debentures. In the event a loss has occurred to the mortgaged property under any policy of fire or other hazard insurance and the amount of any funds received by the mortgagee in payment of such loss shall be sufficient to pay in full the entire mortgage indebtedness, the mortgage shall, upon receipt of such funds by the mortgagee, be deemed paid and the contract of mortgage insurance made with the Commissioner shall thereupon terminate. If, however, any funds so received shall be insufficient to pay such mortgage indebtedness in full, the mortgagee shall not exercise its option under the mortgage to use the proceeds of such insurance for the repairing, replacing or rebuilding of such premises or to apply such proceeds to the mortgage indebtedness without prior written approval of the Commissioner. If the Commissioner shall fail to give his approval to the use or application of such funds for either of said purposes within 30 days after written request by the mortgagee, the mortgagee may use or apply such funds for any of the purposes specified in the mortgage without the approval of the Commissioner.

§ 297.14 *Mortgage default or prepayment.* In the event the mortgagee forecloses on the mortgaged property, but does not convey it to the Commissioner in accordance with § 297.10, and the Commissioner is given written notice thereof, or in the event the mortgagor pays the obligation under the mortgage in full, prior to the maturity thereof, and the mortgagee pays any adjusted premium required under § 297.4, and the Commissioner is given written notice by the mortgagee of such payment by the mortgagor, the obligation to pay any subsequent premium charge for insurance shall cease and all rights of the mortgagee, under § 297.10, shall terminate as of the date of such notice.

ASSIGNMENTS

§ 297.15 *Assignments in general.* (a) Bonds or other obligations issued in connection with an insured mortgage executed in the form of an indenture of trust providing for the issue and sale of such bonds or other obligations and appointing a trustee to act on behalf of the holders of such bonds or other obligations may be transferred as provided in the indenture of trust.

(b) An insured mortgage, other than those described in paragraph (a) of this section, may not be transferred or pledged prior to the full disbursement of the mortgage loan, except with the prior written approval of the Commissioner which approval may be subject to such conditions and qualifications as the Commissioner may prescribe. Subsequent to full disbursement such mortgage may be transferred only to a transferee who

is a mortgagee approved by the Commissioner. Upon such transfer and the assumption by the transferee of all obligations under the contract of insurance the transferor shall be released from its obligations under the contract of insurance.

§ 297.16 *Termination of contract of mortgage insurance by assignment.* The contract of insurance shall terminate with respect to mortgages described in § 297.15 (b) upon the happening of either of the following events:

(a) The transfer or pledge of the insured mortgage to any person, firm, or corporation, public or private, other than an approved mortgagee.

(b) The disposal by a mortgagee of any partial interest in the insured mortgage by means of a declaration of trust or by a participation or trust certificate or by any other device, unless with the prior written approval of the Commissioner, which approval may be subject to such conditions and qualifications as the Commissioner in his discretion may prescribe: *Provided*, That this paragraph shall not be applicable to any mortgage so long as it is held in a common trust fund maintained by a bank or trust company (1) exclusively for the collective investment and reinvestment of moneys contributed thereto by the bank or trust company in its capacity as a trustee, executor or administrator; and (2) in conformity with the rules and regulations prevailing from time to time of the Board of Governors of the Federal Reserve System, pertaining to the collective investment of trust funds: *Provided further*, That this paragraph shall not be applicable to any mortgage so long as it is held in a common trust estate administered by a bank or trust company which is subject to the inspection and supervision of a governmental agency, exclusively for the benefit of other banking institutions which are subject to the inspection and supervision of a governmental agency, and which are authorized by law to acquire beneficial interests in such common trust estate, nor to any mortgage transferred to such a bank or trust company as trustee exclusively for the benefit of outstanding owners of undivided interests in the trust estate, under the terms of certificates issued and sold more than three years prior to said transfer, by a corporation which is subject to the inspection and supervision of a governmental agency.

RIGHTS IN HOUSING FUND

§ 297.17 *No vested rights.* Neither the mortgagee nor the mortgagor shall have any vested or other right in the National Defense Housing Insurance Fund.

AMENDMENTS

§ 297.18 *Amendments to regulations.* The regulations in this part may be amended by the Commissioner at any time and from time to time, in whole or in part, but such amendments shall not affect the contract of insurance on any mortgage already insured or to be insured on which the Commissioner has made a commitment to insure.

EFFECTIVE DATE

§ 297.19 *Effective date.* The regulations in this part shall be effective as to all mortgages with respect to which a commitment to insure is issued under this subchapter on or after the date hereof.

Issued at Washington, D. C., November 5, 1951.

FRANKLIN D. RICHARDS,
Federal Housing Commissioner.

[F. R. Doc. 51-13493; Filed, Nov. 8, 1951; 8:45 a. m.]

Chapter VIII—Office of Rent Stabilization, Economic Stabilization Agency

[Controlled Housing Rent Reg., Amdt. 418]

[Controlled Rooms in Rooming Houses and Other Establishment Rent. Reg., Amdt. 413]

[Controlled Housing Rent Reg. for Atlantic County Defense-Rental Area, Amdt. 36]

PART 825—RENT REGULATIONS UNDER THE HOUSING AND RENT ACT OF 1947, AS AMENDED

MISCELLANEOUS AMENDMENTS

Amendment 418 to the Controlled Housing Rent Regulation (§§ 825.1 to 825.12), Amendment 36 to the Controlled Housing Rent Regulation for the Atlantic County Defense-Rental Area (§§ 825.61 to 825.72) and Amendment 413 to the Rent Regulation for Controlled Rooms in Rooming Houses and Other Establishments (§§ 825.81 to 825.92). Said regulations are amended in the following respects:

1. The third unnumbered paragraphs of §§ 825.6 (d) (1) and 825.66 (d) (1) are amended to read as follows:

Every such notice shall give to the tenant a period not less than the following periods prior to the date specified therein for the surrender of possession and to the commencement of any action for removal or eviction: In cases arising under paragraph (a) (1) or (a) (2) of this section, a period not less than 10 days; under paragraph (a) (3) of this section, a period not less than one month; under paragraph (a) (4) or (a) (5) of this section, a period not less than 2 months; and in cases where the basis relied upon in such notice for removal or eviction is non-payment of rent, a period not less than three days.

2. The third unnumbered paragraph of § 825.86 (d) (1) is amended to read as follows:

Every such notice shall give to the tenant a period not less than the following periods prior to the date specified therein for the surrender of possession and to the commencement of any action for removal or eviction: In cases arising under paragraph (a) (1) or (a) (2) or (a) (3) of this section, a period not less than 10 days; and in cases where the basis relied upon in such notice for removal or eviction is nonpayment of rent, a period not less than three days.

(Sec. 204, 61 Stat. 197, as amended; 50 U. S. C. App. Sup. 1894)

This amendment shall be effective November 9, 1951.

Issued this 6th day of November 1951.

JOHN J. MADIGAN,
Acting Director of
Rent Stabilization.

[F. R. Doc. 51-13537; Filed, Nov. 8, 1951;
8:56 a. m.]

TITLE 32—NATIONAL DEFENSE

Chapter V—Department of the Army

Subchapter A—Aid of Civil Authorities and Public Relations

PART 511—ASSISTANCE TO RELATIVES AND OTHERS IN CONNECTION WITH DECEASED PERSONNEL

MISCELLANEOUS AMENDMENTS

Rescind §§ 511.1-511.3 and substitute the following in lieu thereof:

§ 511.1 *Notification to emergency addressee in case of death; responsibility.* Notification to emergency addressee in a case occurring within the 48 States of the United States or the District of Columbia is the responsibility of the installation commander. Notification to emergency addressee in a case occurring outside the 48 States of the United States or the District of Columbia normally is made by The Adjutant General; however, when the emergency addressee resides within the reporting command, or, if in a non-combat area, is more accessible to the reporting command than to The Adjutant General, the oversea commander will arrange for notification in the name of the Secretary of the Army. The Adjutant General also will effect notification in any case within the United States where emergency addressee is outside the United States.

§ 511.2 *Sympathy letters.* The installation commander or oversea commander reporting a death to The Adjutant General will insure that a letter of sympathy is written and forwarded to the emergency addressee designated by the individual and other individuals notified or to be notified. For a reservist participating in Reserve duty training, the chief of the military district will be responsible for the letters. The letters may be prepared and signed by the chaplain serving the organization or installation. In any event, the letters will be prepared and dispatched by the responsible officer, not later than 24 hours after the initial notification (or report to The Adjutant General, if initial notification is to be made by The Adjutant General).

§ 511.3 *Correspondence.* (a) Requests for information on circumstances (these details normally are furnished in a sympathy or supplementary letter) from member of Congress, representatives of veterans' organizations, clergymen, attorneys, or prominent officials acting in the interest of a person clearly

entitled to receive such information, will be acknowledged, inclosing a copy of the latest communication to the person being represented. The acknowledgment will include a statement that the same information has been (or is being) furnished direct to the person being represented. If the information previously has not been furnished to the person being represented, a simultaneous communication to that person (with copy to the requesting individual) will describe the circumstances normally furnished; line of duty and misconduct status of a military person will be included if not previously furnished and if determined without investigation or by investigation upon which the Department of the Army has taken final action. Inquiries from sources not clearly acting in the interest of a person authorized to receive information concerning the death will be acknowledged by a courteous reply to the effect that details have been (or are being) furnished direct to the authorized recipient.

(b) No information concerning identity of deceased personnel will be released to the public or press except through prescribed public information channels, and then only after the prescribed delay to permit notification of authorized persons, or until it is known that designated emergency addressee has been notified. No statement as to line of duty or misconduct will be made to the press at any time, nor to any individual other than as authorized in paragraph (a) of this section or elsewhere in special regulations. Any individual in the military service, or employed with the Army, having knowledge of the details of a death, other than the chaplain or other individual designated for that purpose by the installation commander, or other responsible officer, will not notify or communicate with next of kin or emergency addressees, on the details of the death, until the expiration of a period of 45 days from the date of death; any such persons having such information will not communicate with persons other than the next of kin or emergency addressees on the details of death, until the expiration of a period of 60 days from the date of death.

(c) Inquiries from a person purporting to be the beneficiary of a military person who is deceased, or for whom the Department of the Army has issued a finding of death under the Missing Persons Act, will be answered to the effect that gratuities under §§ 533.1-533.3, 533.5, and 533.8 of this chapter are paid by the proper disbursing officer as soon as eligibility therefor can be determined by the Finance Officer, Military Pay Division, Army Finance Center, Building 204, St. Louis 20, Missouri, or by the finance officer designated by the Chief of Finance, U. S. Army; that if found eligible, information relative to payment may be expected from the disbursing officer as early as practicable, and that no action on the part of the beneficiary to secure payment is necessary. (Vouchers will not be furnished to a beneficiary by anyone other than the Finance Officer, Military Pay Division, Army Finance

Center, except that in an oversea command a voucher may be furnished by the disbursing officer authorized to make payment of the gratuity.)

(d) Inquiries pertaining to arrears of pay due deceased military personnel who died while on active duty will be answered to the effect that claims are processed through the Military Pay Division, Army Finance Center, Building 204, St. Louis 20, Missouri; that immediately upon receipt of an official report of death, the finance officer will forward WD FD Form 14 (Claim for Amounts Due Deceased Personnel of the Armed Forces of the United States) to the proper person, and that the form will be accompanied by instructions for its completion and disposition; that the completed form should be returned by the claimant to the Finance Officer, Military Pay Division, Army Finance Center, in accordance with instructions furnished, in order that the finance officer then may process the claim to the General Accounting Office, Claims Division, Washington 25, D. C., the latter office having jurisdiction in the settlement of such accounts.

(e) Inquiries pertaining to arrears of pay due deceased retired military personnel not on active duty at time of death will be answered to the effect that claims will be processed direct to the Claims Division, General Accounting Office, Washington 25, D. C., by the claimant.

[AR 600-400 and SR 600-400-10, 28 Sep. 1951] (R. S. 161; 5 U. S. C. 22)

[SEAL] WM. E. BERGIN,
Major General, U. S. Army,
The Adjutant General.

[F. R. Doc. 51-13534; Filed, Nov. 8, 1951;
8:55 a. m.]

TITLE 32A—NATIONAL DEFENSE, APPENDIX

Chapter III—Office of Price Stabilization, Economic Stabilization Agency

[Ceiling Price Regulation 55, Amdt. 1 to
Supplementary Regulation 4]

CPR 55—CEILING PRICES FOR CERTAIN
PROCESSED VEGETABLES OF THE 1951 PACK

SR 4—ADJUSTABLE PRICING FOR CERTAIN
CANNED TOMATO PRODUCTS

CHANGE IN EFFECTIVE DATE

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738) this Amendment 1 to Supplementary Regulation 4 to Ceiling Price Regulation 55 is hereby issued.

STATEMENT OF CONSIDERATIONS

This amendment changes the effective date of Supplementary Regulation 4 to Ceiling Price Regulation 55 from October 26, 1951 to October 20, 1951. The products affected by SR 4 to CPR 55 came under the coverage of CPR 55 on October 20, 1951. Thus, there is a six-day gap during which CPR 55 was mandatorily effective and adjustable pricing was not

available for these products. For some individual processors of the tomato products covered, the ceiling prices calculated under CPR 55 for some items are significantly lower than their selling prices just prior to October 20, 1951. Generally, these processors make sales under price guarantee arrangements which provide for a refund to their buyers of the difference between the sales price and any lower price in effect within a limited specified time. SR 4 to CPR 55 was issued pending an examination of data which may result in the issuance of a supplement authorizing an upward adjustment of some of these ceilings for some of these individual processors. It would work an undue hardship on these processors to subject them to claims for these refunds because of this fortuitous six-day gap. Accordingly, this amendment will make SR 4 to CPR 55 effective retroactively as of October 20, 1951. This amendment which will preserve the continuity of selling practices is being made under the peculiar facts of this situation. As a matter of OPS policy, such retroactive effect will generally not be given to price actions. In any event, ceiling prices for these products will not be higher than either the prices calculated under CPR 55 or any subsequent adjustment.

Individual members of the industry affected have consulted with the Director of Price Stabilization and their views have been given full consideration. It is the judgment of the Director that the provisions of this amendment are generally fair and equitable and necessary to effectuate the purposes of the Defense Production Act of 1950, as amended.

AMENDATORY PROVISIONS

The effective date provision following section 4 of Supplementary Regulation 4 to Ceiling Price Regulation 55 is hereby amended to read as follows:

Effective date. This supplementary regulation shall be effective as of October 20, 1951.

(Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

Effective date. This amendment shall be effective November 8, 1951.

MICHAEL V. DiSALLE,
Director of Price Stabilization.

NOVEMBER 8, 1951.

[F. R. Doc. 51-13632; Filed, Nov. 8, 1951; 12:01 p. m.]

[General Ceiling Price Regulation, Supplementary Regulation 79]

GCPR, SR 79—ADJUSTMENT OF CEILING PRICES FOR RETAIL SALES OF VEAL, LAMB, AND MUTTON PRODUCTS

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161 (15 F. R. 6105) and Economic Stabilization Agency General Order 2 (16 F. R. 738) this Supplementary Regulation 79 to the General Ceiling Price

Regulation (16 F. R. 809) is hereby issued.

STATEMENT OF CONSIDERATIONS

Ceiling prices for retail sales of veal as well as lamb and mutton products are currently determined in accordance with the General Ceiling Price Regulation. This supplementary regulation changes the method of determining these prices.

The wholesale ceiling prices established under the General Ceiling Price Regulation for sales of lamb and mutton products have been replaced by the specific dollars-and-cents wholesale ceiling prices established under Ceiling Price Regulation 92. In most instances these dollars-and-cents wholesale ceiling prices will result in a higher level of prices to the retailer because the provisions of the amendment to section 402 (d) (3) of the Defense Production Act have required an increase in wholesale prices above January-February levels. The Office of Price Stabilization is preparing and will issue in the near future a regulation establishing specific dollars-and-cents wholesale ceilings for veal. It is anticipated that this new wholesale veal regulation will likewise cause changes, including some increases, in the level of prices to retailers. Moreover, costs of veal to the retailer have increased since January because the General Ceiling Price Regulation permits a seller to charge the highest price at which he made 10 percent of his total deliveries by dollar volume in the base period. Packers and wholesalers who made sales at a wide range of prices in the base period were able to take greater advantage of this provision than many retailers whose prices throughout the latter part of the period remained fairly constant in many cases.

Thus, in the absence of this regulation, there would result, in the interim period before the issuance of dollars-and-cents retail ceilings on veal and lamb, a reduction of margins on veal and lamb below normal. This supplementary regulation is issued in order to enable retailers to preserve normal margins until the issuance of uniform dollars-and-cents ceiling for retail sales of veal, as well as lamb and mutton.

The technique used in this supplementary regulation is a modification of that used in Supplementary Regulation 65, the retail pork pass-through. Under this regulation a retailer determines the percentage change in the average cost of veal purchased in the current week as compared with the average cost of veal purchased in the base week. His ceiling price in the following week for a particular veal cut is his GCPR ceiling for that cut increased or decreased by the percentage amount of the change in his average cost. The same formula applies to lamb and mutton.

Since many retailers did not separately classify their purchases and sales of yearling during the base week, that type of meat has been thrown in with lamb for the purposes of this regulation. For the same reason veal has been defined to include meat graded as calf.

Because veal and lamb are purchased by many retailers in carcass or primal cut form and because there is a great deal of cutting shrink in producing a retail cut, a simple cents per pound pass-through such as was used in Supplementary Regulation 65 was not feasible. Moreover, the formula could not be on a grade by grade basis since the standard U. S. Department of Agriculture grades required by Distribution Regulation 2 were not in use during the freeze period. Finally, it was not feasible to compare costs cut by cut without unduly complicating the regulation.

Apart from these differences in the basic formula, this regulation follows the general pattern of Supplementary Regulation 65, the provisions of which are by now familiar to most retailers.

It is recognized that a formula regulation of this type is not a satisfactory long run method of dealing with retail sales of veal or lamb either from the standpoint of the consumer or the retailer. Dollars-and-cents ceilings on these items will be issued as soon as possible.

It is believed that this supplementary regulation will permit realization by retailers of approximately their pre-Korean margins. A study of these margins is now under way. The dollars-and-cents retail ceilings on veal and lamb, when issued, will reflect the results of this study.

FINDINGS OF THE DIRECTOR OF PRICE STABILIZATION

In the judgment of the Director of Price Stabilization the provisions of this supplementary regulation are generally fair and equitable and are necessary to effectuate the purposes of Title IV of the Defense Production Act of 1950, as amended. In the judgment of the Director they also comply with all the applicable standards of the Defense Production Act of 1950, as amended. In formulating this supplementary regulation the Director has consulted with representatives of the industry to the extent practicable under the circumstances and has given consideration to their recommendations.

REGULATORY PROVISIONS

Sec.

1. What this supplementary regulation does.
2. Where this supplementary regulation applies.
3. Exclusions.
4. How to determine the ceiling prices of lamb cuts and items you sell at retail and which are derived from lamb carcasses or cuts you buy.
5. How to determine ceiling prices of mutton and veal cuts and items which you sell at retail and which are derived from mutton or veal carcasses or cuts which you buy.
6. Adjustments for lamb, mutton and veal cuts and items you sell at retail and which are derived from live lambs, yearlings, sheep, vealers or calves.
7. How to determine the total cost to you of a given type of meat.
8. How to determine your "base week cost" for lamb, mutton and veal where neither carcasses nor cuts of that type of meat were delivered to you during the base week.

Sec.

9. How to determine your "base week cost" in determining the ceiling price of a cut or item for which you have not established a GCPR ceiling price prior to the effective date of this regulation.
10. Alternative provisions for determining your "seven-day cost" per pound under sections 5, 6 and 7 of this regulation.
11. Records.
12. General definitions.
13. Incorporation of General Ceiling Price Regulation by reference.

AUTHORITY: Sections 1 to 13 issued under section 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154. Interpret or apply Title IV, 64 Stat. 803, as amended; 50 U. S. C. App. Sup. 2101-2110, E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.

SECTION 1. What this supplementary regulation does. This supplementary regulation requires adjustments in the ceiling prices for retail sales of lamb, mutton and veal cuts or items, except for sales excluded by section 3 of this supplementary regulation. The adjusted ceiling prices established by this supplementary regulation supersede those established by the General Ceiling Price Regulation but this regulation does not supersede the other provisions of the General Ceiling Price Regulation.

SEC. 2. Where this supplementary regulation applies. This supplementary regulation is applicable in the 48 states of the United States and the District of Columbia.

SEC. 3. Exclusions. This regulation does not apply to:

- (a) Lamb, yearling, mutton and veal items exempted by General Overriding Regulation 7, as amended;
- (b) Sausage; or
- (c) Sterile canned meat.

SEC. 4. How to determine the ceiling prices of lamb cuts and items you sell at retail and which are derived from lamb carcasses or cuts you buy. If you purchase a lamb carcass or cut and sell at retail that cut or an item derived from the carcass or cut, you shall determine your ceiling price for that cut or item as follows:

(a) Determine the total number of pounds of lamb carcasses and lamb cuts delivered to you between January 19, 1951 and January 25, 1951, inclusive. This period is referred to as the "base week."

(b) Determine the total cost for the aggregate quantity of such lamb carcasses and lamb cuts delivered to you during the "base week." (See section 7 of this supplementary regulation.)

(c) Divide the figure determined under paragraph (a) of this section into the figure determined under paragraph (b) of this section. The resulting quotient, rounded to the nearest one-half cents is your "base week cost" per pound for lamb in dollars and cents. If neither lamb carcasses nor lamb cuts were delivered to you during the "base week," see section 8 of this supplementary regulation. If no ceiling price was established under the General Ceiling Price Regulation, prior to the effective date of this supplementary regulation, for the

lamb cut or item for which you are determining a ceiling price, see section 9 of this supplementary regulation.

(d) Determine the total number of pounds of lamb carcasses and lamb cuts delivered to you during the seven days preceding each Monday after the effective date of this regulation.

(e) Determine the total cost for those carcasses and lamb cuts delivered to you during the seven days preceding each Monday after the effective date of this regulation.

(f) Divide the figure under paragraph (d) into the figure under paragraph (e) of this section. The resulting quotient, rounded to the nearest one-half cent, is your "seven day cost" per pound in dollars and cents.

(g) Divide the figure determined under paragraph (c) ("base week cost") into the figure determined under paragraph (f) of this section ("seven-day cost") and round to the nearest whole percent.

(h) Each Monday after the effective date of this regulation multiply the figure determined under paragraph (g) of this section by your ceiling price in dollars and cents per pound as determined under the General Ceiling Price Regulation for the lamb cut or item for which you are determining a ceiling price. The result, rounded to the nearest whole cent, is your dollars and cents per pound ceiling price for the lamb cut or item derived from that cut, for the next succeeding seven days following that Monday.

Example: Between January 19 and January 25, 1951, 200 pounds of lamb carcasses and cuts were delivered to you. They cost you \$112. Your "base week cost" is \$112 for 200 pounds or 56 cents per pound. During the seven-day period preceding Monday, November 5, 1951, 300 pounds of lamb carcasses and cuts were delivered to you at a total cost of \$180. Your current "seven-day cost" for lamb is \$180 for 300 pounds or 60 cents a pound. Divide your "base week cost" per pound for lamb (\$0.56) into your current "seven-day cost" for lamb (\$0.60). Multiply the resulting quotient, 1.07, times each of your prices for lamb established under GCPR to arrive at your new retail ceiling prices for lamb cuts and items for the seven-day period commencing with Monday November 5, 1951. If your GCPR prices for loin lamb chops is \$1.20 per pound your new ceiling prices will be 1.20×1.07 or \$1.28 per pound. If your GCPR prices for square cut shoulders is \$0.78 per pound your new ceiling price will be 0.78×1.07 or \$0.83 per pound.

SEC. 5. How to determine ceiling prices of mutton and veal cuts and items which you sell at retail and which are derived from mutton or veal carcasses or cuts which you buy.—(a) *Mutton cuts and items.* If you purchase a mutton carcass or cut and sell that cut or an item derived from the carcass or cut you shall determine your ceiling price for that cut or item in the same manner as that specified for lamb under section 4 of this supplementary regulation, basing your determinations of quantity and cost on mutton carcasses and mutton cuts.

(b) *Veal cuts and items.* If you purchase a veal carcass or cut and sell at retail that cut or an item derived from the carcass or cut, you shall determine your ceiling price for that cut or item

in the same manner as that specified for lamb under section 4, basing your determinations of quantity and cost on veal carcasses and veal cuts.

SEC. 6. Adjustments for lamb, mutton and veal cuts and items you sell at retail and which are derived from live lambs, yearlings, sheep, vealers or calves. You must determine your ceiling price in the manner specified in section 4 of this supplementary regulation, for a given lamb, mutton or veal cut which you sell at retail and which is derived from live lambs, yearlings, sheep, vealers or calves, respectively, which you purchase and slaughter, if no more than 50 percent of that given type of meat, which you sold at retail during the preceding seven days, was so derived from livestock. You may not include the amount or total cost of the livestock delivered to you in the base week or preceding seven-day period in determining your ceiling price for the cut or item derived from that livestock. You may not determine your ceiling price under this supplementary regulation for a lamb, mutton or veal cut or item for any seven-day period if more than 50 percent of all that type of meat, which you sold at retail during the preceding seven-day period, was derived from livestock which you purchased and slaughtered.

SEC. 7. How to determine the total cost to you of a given type of meat. Your total cost for a given type of meat shall be the net amount you paid your supplier for carcasses and cuts of that type of meat, delivered to you, plus any transportation charges you paid for the delivery of such carcasses to your business establishment.

SEC. 8. How to determine your "base week cost" for lamb, mutton and veal where neither carcasses nor cuts of that type of meat were delivered to you during the base week. If you sell at retail a lamb, mutton or veal cut or item and neither carcasses nor cuts of that type of meat were delivered to you during the base week, you shall determine your "base week cost" for that type of meat as follows:

(a) Determine the total number of pounds of carcasses and cuts of that type of meat delivered to you during the seven-day period beginning with the first day on which either such carcasses or cuts were delivered to you after January 25, 1951.

(b) Determine the total cost of such carcasses and cuts delivered to you during that seven-day period.

(c) Divide the figure determined under paragraph (a) into the figure determined under paragraph (b) of this section. The resulting figure, rounded to the nearest one-half cent, is your "base week cost" per pound in dollars and cents for that type of meat.

If only carcasses or only cuts were delivered to you during the seven-day period described in paragraph (a) of this section then your determination of total pounds delivered and total cost shall be based on such carcasses or cuts, whichever were delivered during that period.

SEC. 9. How to determine your "base week cost" in determining the ceiling

price of a cut or item for which you have not established a GCPR ceiling price prior to the effective date of this regulation. If you sell a lamb, mutton or veal cut or item for which you did not establish a ceiling price under the General Ceiling Price Regulation prior to the effective date of this supplementary regulation, you shall, in determining your ceiling price for that cut or item, determine your "base week cost" for the type of meat from which that cut or item is derived, as follows:

(a) Determine the total number of pounds of carcasses and cuts of that type of meat delivered to you during the seven-day period beginning with the first day on which either such carcasses or cuts of that type of meat were delivered to you after the date you established your ceiling price under the General Ceiling Price Regulation for that cut or item.

(b) Determine the total cost of such carcasses and cuts of that type of meat delivered to you during that seven-day period.

(c) Divide the figure determined under paragraph (a) into the figure determined under paragraph (b) of this section. The resulting figure, rounded to the nearest one-half cent, is your "base week cost" per pound in dollars and cents for such carcasses or cuts of that type of meat.

If only carcasses or only cuts were delivered to you during the seven-day period described in paragraph (a) of this section then your determinations of total pounds delivered and total cost shall be based on such carcasses or cuts, whichever were delivered during that period.

SEC. 10. Alternative provisions for determining your "seven-day cost" per pound under sections 5, 6 and 7 of this regulation—(a) *Seven days preceding Thursday instead of Monday.* (1) If any individual store, or any group of stores under one ownership pricing from a central point, desires to do so, it may determine its "seven-day cost" per pound under paragraphs (d), (e) and (f) of section 4, or under section 5 or 6, of this supplementary regulation on the basis of deliveries received during the seven days preceding the Thursday prior to each Monday after the effective date of this supplementary regulation in lieu of the seven days preceding each Monday after the effective date of this supplementary regulation. Ceiling prices determined on the basis of costs determined in this manner shall be placed in effect on the Monday following that Thursday and not earlier.

(2) Once your seven-day cost per pound is determined as of Thursday pursuant to this section, you may not thereafter determine your seven-day cost as of any other day. Moreover, if you use this method of determining your ceiling prices under either section 4, 5, or 6, you must use this method in determining your ceiling prices for all cuts and items of all types of meat under all three sections.

(3) If this method of determining your ceiling prices is adopted, it must be used

for all stores in any group of stores under one ownership.

(b) *Purchase contracts instead of deliveries.* A group of retail sellers under common ownership or control which:

(1) Had an established practice of centrally determining uniform prices during the GCPR base period for all their lamb, mutton or veal cuts and items,

(2) Has uniform GCPR ceilings for all sellers in the group, and

(3) During the GCPR base period kept and presently keeps records from which may be determined separately for that group of sellers the total costs and amounts of purchases of the type of meat from which those cuts and items are derived,

may in determining ceiling prices for those cuts or items, compute the "base week cost" and "seven-day cost" of the type of meat from which the cut or item is derived on the basis of purchase contracts made during the relevant period instead of deliveries during that period. However, "base week cost" and "seven-day cost" may not be computed on the basis of purchase contracts if such purchase contracts provide for delivery to sellers not in the group. Once you determine your "base week cost" and "seven-day cost" on the basis of purchase contracts it may not thereafter be determined on the basis of deliveries. When used in this section the term "purchase contracts" means firm orders by retailers that have been accepted by the shipper stating the date of delivery, the weight, and cost per pound of each item included in the order.

SEC. 11. Records. (a) If you sell at retail a lamb, mutton or veal cut or item, you must preserve and keep available for inspection by the Office of Price Stabilization for a period of two years, records showing:

(1) Your "base week cost" per pound of lamb, mutton and veal, respectively, cuts or items of which you sell at retail.

(2) Your "seven-day cost" per pound of lamb, mutton and veal respectively, cuts or items of which you sell at retail.

(3) The percent of the total amount of the respective lamb, mutton and veal cuts or items sold by you at retail during each seven-day period preceding each Monday or, in cases where the provision of section 10 (a) of this supplementary regulation are applied, each Thursday, subsequent to the effective date of this supplementary regulation, which is derived from live lambs, yearlings, sheep, or vealers and calves, respectively.

(4) Your ceiling prices established prior to the effective date of this supplementary regulation under the General Ceiling Price Regulation for each lamb, mutton, and veal cut and item which you sell at retail.

(5) Your ceiling prices established subsequent to the effective date of this supplementary regulation for each of the cuts and items described in the preceding paragraph.

SEC. 12. General definitions. When used in this regulation the term:

(a) "Lamb" means meat graded as lamb or yearling mutton pursuant to

the provisions of Distribution Regulation 2 and in accordance with the "Official U. S. Standards for Grades of Lamb, Yearling Mutton and Mutton Carcasses" of the United States Department of Agriculture.

(b) "Mutton" means meat graded as such pursuant to the provisions of Distribution Regulation 2 and in accordance with the "Official U. S. Standards for Grades of Lamb, Yearling and Mutton Carcasses" of the United States Department of Agriculture.

(c) "Veal" means meat graded as veal or calf pursuant to the provisions of Distribution Regulation 2 and in accordance with the "Official U. S. Standards for Grades of Veal and Calf Carcasses" of the United States Department of Agriculture.

(d) "Lamb or mutton cut" means those lamb, yearling or mutton cuts, not including carcasses, listed in and defined in Appendixes 7 and 7A of Ceiling Price Regulation 92.

(e) "Lamb or mutton carcass" means the body of the slaughtered lamb, yearling or sheep, after the pelt, head, edible organs and offal (excluding kidneys) have been removed.

(f) "Veal carcass" means the body of the slaughtered vealer or calf after the head, edible organs, and offal (excluding kidneys) have been removed. The hide may or may not be attached to the carcass.

(g) "Live lambs and yearlings" mean the live animals from which lamb is derived.

(h) "Live sheep" means the live animal from which mutton is derived.

(i) "Live vealer or calf" means the live animal from which veal is derived.

(j) "Lamb, mutton or veal item" means lamb, mutton or veal derived wholly from a live lamb, yearling, sheep, vealer or calf which you slaughter or from a lamb, mutton, or veal carcass or wholesale lamb, mutton or veal cut which you buy and includes a wholesale cut which you buy and resell as such.

(k) "Purchase contracts." See section 10 (b) of this supplementary regulation.

(l) "Sale at retail" means a sale to an individual for consumption by himself or his family off the seller's premises. "Retailer" means one who sells at retail.

(m) "Sausage" means chopped, ground or comminuted meat seasoned with spice and/or condiments to which salt, sodium nitrate, sodium nitrite and extender may be added.

(n) "Sterile canned meat" means canned meat which has been sterilized in a container hermetically sealed, and which needs no refrigeration while remaining in the sealed container.

(o) "Type of meat" means lamb, mutton or veal.

(p) "Which you slaughter" means livestock killed by or for you.

SEC. 13. Incorporation of General Ceiling Price Regulation by reference. Each seller at retail subject to this supplementary regulation shall be subject to all of the provisions of the General Ceiling

ing Price Regulation which are not inconsistent with the provisions of this supplementary regulation, including, but not limited to, the enforcement, penalty and record-keeping provisions thereof.

Effective date. This supplementary regulation to General Ceiling Price Regulation shall become effective on the 13th day of November 1951.

NOTE: The record-keeping and reporting requirements of this supplementary regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

MICHAEL V. DiSALLE,
Director of Price Stabilization.

NOVEMBER 8, 1951.

[F. R. Doc. 51-13633, Filed, Nov. 8, 1951;
4:00 p. m.]

[Ceiling Price Regulation 92]

CPR 92—CEILING PRICES OF LAMB, YEARLING, AND MUTTON PRODUCTS SOLD AT WHOLESALE.

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161 (15 F. R. 6105), Economic Stabilization Agency General Order 2 (16 F. R. 738), Delegation of Authority by the Secretary of Agriculture to the Economic Stabilization Agency with respect to the Allocation of Meat (16 F. R. 1272), and Economic Stabilization Agency General Order 5 (16 F. R. 1273), this Ceiling Price Regulation 92 is hereby issued.

STATEMENT OF CONSIDERATIONS

This regulation establishes specific ceiling prices for all grades of lamb, yearling, and mutton products sold at wholesale.

This is the third major regulation establishing dollars-and-cents ceilings for meat sold at wholesale. Ceiling Price Regulation 24 provides such ceilings for beef, while Ceiling Price Regulation 74 covers pork. With the issuance of this regulation, veal is the only remaining fresh meat item still priced at wholesale under the general freeze. The Office of Price Stabilization is preparing a specific dollars-and-cents regulation for veal sold at wholesale and expects to issue it in the near future. This regulation covers sales by meat packers and their branch houses, as well as wholesalers, hotel supply houses, peddlers and other distributors of meat at the wholesale level, all of whom taken together constitute an important segment of the national economy.

The price structure. The structure of this regulation is patterned closely after that employed in Ceiling Price Regulations 24 and 74 with which the trade has become familiar. Article II, sections 20-24, consists of five schedules listing base prices for various classes of lamb, yearling, and mutton wholesale cuts and carcasses. Article IV sets forth the various additions which may be made to those base prices in specified circumstances.

Since January 26, 1951, prices of the products covered by this regulation have

been governed by the provisions of the General Ceiling Price Regulation. However, the provisions of the Defense Production Act Amendments of 1951, particularly the so-called Fugate amendment of section 402 (d) (3), require that ceiling prices for these products reflect higher levels of live animal prices than is now the case under the general freeze. Accordingly, starting with the minimum level of prices required by the Defense Production Act of 1950, as amended, as determined by the Department of Agriculture, this regulation establishes a basic level of prices for dressed lamb, yearling, and mutton carcasses and wholesale cuts. This basic level is determined by applying data collected by the Office of Price Stabilization both from the industry and by an independent survey, on percentage yields of meat, the value of pelts and wool, and all other by-products obtained in the slaughter of lambs, yearlings and sheep. By means of this formula, ceiling prices are fixed which will permit packers to pay prices for live lambs, yearlings, and sheep which meet the legal minima specified in the Fugate amendment (which are substantially in excess of parity), and still realize a fair and equitable margin on their sales of lamb, yearling, and mutton. Hence, in fixing prices under this regulation, consideration was given not only to the return to the lamb and sheep producer, but also to a fair and equitable margin for the processor, based on his historical position and on a survey of processors' operating margins.

Thus, the effect of the Fugate amendment, aggravated by the present low value of pelts, has been to compel an increase of lamb prices above the freeze levels.

Price relationships between cuts. The prices of carcasses have been established at a level which reflects the legal minima for live lamb, yearling, and sheep prices. The relationships between primal cut prices have been determined in consultation with the industry and have been based on analyses of data showing normal price differentials between such cuts. Moreover, independent cutting tests have been made to determine relative yields from standard cuts.

The margins between primal cuts and fabricated cuts derived from such primal cuts have been worked out after examination of normal price differentials between those cuts and after consideration of the factors which determine those differentials, i. e., shrink resulting from fabrication, value of by-products, labor and materials cost and historical margins and mark-ups of the various classes of sellers.

Standardization of cutting and fabricating. Uniform standards for both primal and fabricated lamb, yearling, and mutton cuts are necessary for the effective administration of this regulation. Without cutting standards, compliance with the regulation would be difficult and widespread evasion might result; substantial quantities of meat ordinarily sold as part of the lower priced cuts could otherwise be cut and

sold as part of the higher priced cuts. Without fabricating standards, cuts could be passed off as having been fabricated in a particular manner and sold at higher prices than their degree and type of fabrication warranted. Accordingly, uniform standards for cutting and fabricating have been established as in CPR 24 and CPR 74 to prevent circumvention of this regulation. No practicable alternative to such standardization exists for securing effective price control of lamb, yearling and mutton.

The cutting and fabricating standards are, in general, the same as those prescribed in OPA Revised Maximum Price Regulation 239. The standards for cuts conform to those generally in use in the industry. Since this regulation covers substantially all recognized primal and fabricated cuts and products traditionally sold in the industry, lamb, yearling, and mutton products which do not conform to the standards prescribed by this regulation may not be sold.

A second technique, also effectively used heretofore in other meat regulations, has been used in addition to that of the standardization of cuts, i. e., grading. The ceiling prices established by this regulation are related to definite grading standards as established by the United States Department of Agriculture, in order to make this regulation administratively workable and enforceable.

Prices are established in accordance with the grading standards of the USDA, because lamb, yearling and mutton like beef and veal, vary greatly in quality and unless prices were established by grades, meat of widely varying quality would have to be sold at the same price. Here, as in the case of standardization of cuts, there is no practicable alternative for securing effective price control of lamb, yearling and mutton.

Under the standards established by the USDA, five grades of lamb are recognized. These are prime, choice, good, utility, and cull. According to trade estimates, a negligible percentage of the total is represented by prime, while 40 to 55 percent is choice. Accordingly, this regulation combines the prime and choice grades in one price category. Good, utility, and cull represent about 25, 10, and 5 percent, respectively.

Additions to the base prices. The ceiling price for the sale of any lamb, yearling or mutton product at wholesale is determined by adding to the appropriate base price set forth in Article II (sections 20-24), the applicable additions permitted in Article IV (sections 40-48). In general, these additions fall into four categories:

1. The zone differential and the local slaughter addition are designed to permit the normal movement of lambs, yearlings, and sheep, and dressed carcasses and cuts derived therefrom out of the surplus production areas to the major consumption areas and to compensate for the cost of such movement.

2. There are additions for sales by various classes of sellers: packer branch houses, wholesalers, hotel supply houses, combination distributors and peddlers.

These additions are designed to provide normal margins for these various classes of distributors between the packer and the retail store or the purveyor of meals.

3. There is a special addition for kosher lamb, yearling, and mutton products which is intended to cover the additional cost of labor, handling and supervision involved in the production of kosher meat. The kosher addition has been fully discussed in the statement of considerations accompanying CPR 24.

4. Finally, there are additions for performance of special services. The most important of these is local delivery. There are also additions for wrapping, freezing, and packing in shipping containers. As to these, the same considerations as stated in connection with similar provisions of CPR's 24 and 74 apply.

The zone differentials. The zone differential system reflected in this regulation takes into consideration historical patterns of distribution of lamb, yearling, and mutton products to which the industry has become accustomed. It reflects, in turn, the facts and figures of lamb, yearling, and sheep production, slaughter and consumption as it exists in the continental United States.

Lamb, yearling and sheep production is located mainly in the West where large flocks predominate and where they are kept primarily under range conditions. The principal producing areas for lambs and sheep are the States of Montana, Idaho, Wyoming, Colorado, Utah, New Mexico, Texas, and California which produce approximately 60 percent of the total number of lambs and sheep available in the United States. Texas alone produces 22 percent of the national total, but a major part of this production is shipped north to the feeding and slaughtering areas of Missouri, Kansas, Iowa, Nebraska and Colorado.

The fact that 30 to 40 percent of the live lambs are thinly fleshed when brought to market constitutes the basis for the fed lamb industry. Fed lambs constitute the main marketable supply between November and the following spring. The value to the public in the services of the finisher lies in the fact that he supplies the market at a time when other sources of supply are limited. He increases the total tonnage of lambs and thus contributes to the total production of meat and wool.

Marketings of lambs, yearling and sheep are concentrated in several areas, the approximate geographic center of which is the State of Colorado. Denver, Colorado, in turn, is the largest individual market, showing sales of 1,022,175 head during 1950, as against 854,702 for Fort Worth, Texas, 715,722 for Omaha, Nebraska, and 694,268 for Kansas City, the next largest markets.

Lamb, yearling, and sheep slaughter has tended to concentrate in the regions of the feeder states and the areas of heavy consumption. In 1950, approximately 38 percent of the total slaughter of lamb and sheep occurred in the six Midwestern states: Illinois, Minnesota, Iowa, Missouri, Kansas and Nebraska; 15 percent in New York, New Jersey and Pennsylvania; and 10 percent in Cali-

fornia. These ten states thus accounted for about 64 percent of the total number slaughtered.

In view of the highly perishable nature of lamb, the amount of time which elapses between slaughter and sale by the retailer is necessarily brief, and a large proportion of lamb reaches the consumer within ten days of slaughter. Local facilities for slaughter have been maintained in all the centers of large consumption, lambs and sheep being purchased on the Midwestern or Western markets or in the large producing districts and shipped east alive. Most lamb and sheep are shipped long distances from producing to consuming areas. Prices, accordingly, tend to rise from the producing section to the sea coast as transportation costs rise. The only departure from this pattern is on the Pacific Coast for the period during which a surplus of lambs exist in California.

Because of these facts, Denver, Colorado, has been selected as the central basing point for the distribution of the products covered by this regulation, and based on the economic considerations discussed above, a ceiling price for prime and choice grade lambs of \$58.00, per cwt., f. o. b. Denver, has been determined as the basic price around which the entire pricing structure of this regulation has been established. By means of this provision, the regulation permits determination of ceiling prices for any product covered by this regulation, at any point in the continental United States in relation to a ceiling price at Denver. The means employed to this end are the establishment of zones reflecting transportation costs as well as the historical flow of distribution, based on production, slaughter and consumption of lambs, yearlings, and sheep.

The zone differential concept employed in this regulation is similar to that employed in other OPS meat regulations. In general, where the distribution point is in Zone 1, which includes the Pacific Coast states and neighboring areas, sellers of carcasses or wholesale cuts are permitted to add as a zone differential 75 percent of the freight rate from Denver, Colorado, to the distribution point. This is in recognition of the fact that while the Pacific Coast states are producing considerable numbers of lambs, yearlings, and sheep, they also constitute a large consuming area and, at certain times of the year, it is essential for slaughterers in that region (and particularly in California) to draw their live animals from neighboring areas in Zone 1. This is made possible by allowing this specified percentage of the freight rate from Denver to the distribution point. Packers located in the Pacific coast consuming area can transport their live animals purchased in the neighboring surplus states and remain on a competitive basis. At the same time, in view of the fact that live animals slaughtered in the West are transported over relatively limited distances only, their in-transit shrinkage is not as great as that experienced by packers located in the East who ship their live animals

over greater distances from the producing and feeding states to their slaughtering plants.

It is possible that the zone differential allowed for the Pacific Coast area may prove to be too high. If there is any evidence of an undue diversion of lamb slaughter to the Pacific Coast, the differential will be reduced.

For sales of carcasses or wholesale cuts in the East a zone differential consisting of 115 percent of the freight rate has been allowed. The 15 percent added to the carload freight rate is designed to allow for the in-transit handling and feeding of live animals shipped to the slaughtering area and for the cost of icing on shipments of dressed carcasses. Losses due to shrinkage to the extent that they are not provided for by the zone differential are compensated for by the local slaughter addition which is discussed below and which applies to the large consuming areas of the Northeastern and mid-Atlantic states. Finally, special recognition has been given to the seasonal distribution problems of the South Florida resort area by permitting a flat addition to the prices specified for fabricated cuts.

Distribution point. The zone differential in this regulation, as in earlier meat regulations, is determined by the distribution point. The definition of the distribution point generally follows that used in Ceiling Price Regulation 24 and the considerations set forth in the statement accompanying that regulation apply generally in the present instance.

Local slaughter addition. As indicated above, the zone differential is designed to allow a packer located in the surplus lamb, yearling, and sheep production area to recover his transportation cost on shipments to points outside of that area and is also intended to allow packers located outside the surplus area to recover their cost of bringing in live animals from that area. However, the zone differential is not a sufficient allowance for the latter purpose because there are losses sustained in shipment of live lambs, yearlings, and sheep, caused by shrinkage and injury to animals. Hence, it is necessary to make provision in this regulation to enable packers in the major consuming area of the East to continue a normal pattern of lamb, yearling, and sheep slaughter and obtain their normal margins. This provision is made by permitting an addition for local slaughter in the East to be added to the base price. Since the branch house addition discussed below is also based on a recovery of transportation shrink, a limitation has been placed on the cases in which both additions may be taken. Thus, where the local slaughter addition applies, the branch house addition may not be taken where the branch house obtains such meat from a local slaughtering plant less than 75 miles distant, because in such a case there is not enough tissue shrink to justify the additional premium. The local slaughter premium has been limited to the Eastern seaboard zone on the basis of a comparison of lamb, yearling, and sheep production with slaughter in various areas of the country.

Seller's additions. Additions to the base price have been provided for sales by several classes of sellers. To prevent the pyramiding of these additions, the regulation requires each eligible seller to elect to take only one of the seller's additions before the end of 1951 and for each half-year thereafter. Additions have been provided for peddler truck sellers, wholesalers, affiliated wholesalers, hotel supply houses, combination distributors and packer branch houses. The functions of these sellers and the reasons for providing them with additions to the base prices are the same in the case of lamb, yearling, and mutton as they are in beef. The statement of considerations accompanying Ceiling Price Regulation 24 and Amendments 2 and 3 thereto adequately discuss these sellers, and therefore it is not believed necessary to repeat these considerations here.

An exception must be made, however, in the case of the packer branch house addition which is a departure from the policy adopted both with reference to beef and to pork. The packer branch house allowance which is confined to lamb, yearling, and mutton products, as distinguished from other meats, is based upon the fact that a large percentage of the total slaughtering of lambs, yearlings, and sheep is done by large packers who rely substantially on their branch houses for distribution and who would otherwise have to absorb shrink and handling costs in transporting these products from the slaughtering plant to the branch house. Without such an allowance, a diversion of these products to other channels of distribution where the packer would not be required to absorb these costs might be encouraged. Accordingly, the packer branch house addition is designed to preserve the distinct historical distribution pattern of lamb, yearling, and mutton products. Furthermore, there is little processing of lamb by the integrated packers, and such packers do not have an opportunity to offset high sales costs by proceeds from processing as is the case in the handling of other species of livestock.

It should be noted that independent jobbers or wholesalers do not form as significant a link in the chain leading from the producer to the consumer as they do in beef and pork. Allowance has been made, however, for the historical margin of *bona fide* wholesalers and peddlers so as to permit them to continue to compete on an equal basis in a tight market, despite the absence of their traditional opportunities to purchase meat at a discount.

Allocation of carcasses and major wholesale cuts. As an additional aid in the preservation of normal distribution patterns, moreover, the allocation powers granted in section 101 of the Defense Production Act have been applied. Based on this statutory authorization, this regulation requires sellers of lamb, yearling, and mutton products to continue to sell or offer to sell at least as high a proportion of carcasses, foresaddles and hindsaddles as they did during a selected base calendar month or accounting period. The purpose of this

requirement is to prevent a shift in the emphasis of wholesale sales from carcasses and the major portions thereof to smaller primal or fabricated cuts, which in turn would mean higher costs to the retailer and thus ultimately to the consumer.

The necessary record keeping and reporting have been kept to a minimum and the conversion formula is such as to require the least administrative burden on the trade. On the other hand, it is believed that the resulting stability of distribution will far outweigh what little inconvenience may result from this allocation provision.

The purpose of this provision is to preserve normal business and distribution practices and to prevent circumvention of the regulation and of its general objectives. It is intended to make more effective the operation of price control of lamb. It will to that extent promote the effective operation of the stabilization program and thereby of the national defense.

Conclusion. It is the judgment of the Director of Price Stabilization that the prices and additions established by this regulation provide the several classes of wholesale sellers of lamb, yearling, and mutton, their respective customary markups over costs of materials during the entire year 1950. Data submitted by the industry to the Office of Price Stabilization and data independently collected by this agency indicate that the markups established by this regulation are adequate when tested by operations for the entire year 1950. Not enough time has elapsed since the passage of the Defense Production Act Amendments of 1951 to permit the Office of Price Stabilization to collect complete data concerning the markups of each of these classes of sellers between May 24 and June 24, 1950. These data will be collected and analyzed, however, and if they indicate that the markups provided here are below or substantially above those prevailing between May 24 and June 24, 1950, this regulation will be revised accordingly.

In formulating this regulation the Director of Price Stabilization has consulted extensively with industry representatives and has given full consideration to their recommendations. In his judgment the provisions of this regulation are generally fair and equitable and are necessary to effectuate the purposes of Title IV of the Defense Production Act of 1950, as amended.

So far as practicable the Director of Price Stabilization gave due consideration to the national effort to achieve maximum production in furtherance of the objective of the Defense Production Act of 1950, as amended; to prices prevailing during the period from May 24, 1950 to June 24, 1950, inclusive and to relevant factors of general applicability.

REGULATORY PROVISIONS

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8. Zone map.

Sections 1 to 50 issued under sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Supp. 2154. Interpret or apply Title IV, 64 Stat. 803, as amended; 50 U. S. C. App. Supp. 2101-2110, E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.

ARTICLE I—GENERAL PROVISIONS

SECTION 1. What this regulation does. This regulation fixes specific ceiling prices for sales at wholesale of lamb, yearling, and mutton products. These ceiling prices supersede those established for these items by the General Ceiling Price Regulation and by Supplementary Regulations 37 and 54 to the General Ceiling Price Regulation. In addition, this regulation defines and standardizes the lamb, yearling and mutton cuts which you may sell and prohibits the sale of non-standardized cuts.

SEC. 2. Where this regulation applies. This regulation applies in the forty-eight states of the United States and the District of Columbia.

SEC. 3. *Ceiling prices for carcasses, cuts and other products derived from lamb, yearling and mutton*—(a) *Lamb, yearling, and mutton carcasses and wholesale cuts.* Your ceiling price for each grade of lamb, yearling, or mutton carcass, or lamb, yearling, or mutton wholesale cut is the price specified in section 20 plus the applicable additions permitted in Article IV of this regulation.

(b) *Fabricated lamb, yearling, and mutton cuts.* Your ceiling price for each grade of fabricated lamb, yearling, or mutton cut is the price specified in section 21 of this regulation, plus the applicable additions permitted in sections 40 and 41 of this regulation.

(c) *Boneless processing lamb and mutton.* Your ceiling prices for boneless processing lamb and mutton are the prices specified in section 22 plus the applicable additions permitted in sections 40, 41 and 45 of this regulation.

(d) *Telescoped style lamb (Military Specifications).* Your ceiling prices for telescoped style lamb, frozen, (Military Specifications MIL-L-1077A) are the prices specified in section 23, plus the applicable additions permitted in sections 40 and 41 of this regulation.

(e) *Lamb and mutton variety meats.* Your ceiling prices for certain lamb and mutton variety meats are the prices specified in section 24 plus the applicable additions permitted in sections 40, 41, 42, 45 and 46 of this regulation.

SEC. 4. *Exempt sales.* The provisions of this regulation shall not apply:

(a) To sales at retail; or

(b) To sales or deliveries of any carcasses, cuts or other products derived from lamb, yearling, or mutton to a buyer if, prior to the effective date of this regulation, the item sold has been received for shipment to such buyer by a carrier other than a carrier owned or controlled by the seller.

(c) To sales of sausage or sterile canned meat made from lamb, yearling, or mutton.

SEC. 5. *Adjustment for transportation to critical areas.* Upon a finding that a critical shortage of meat has occurred in a specific area because customary sources of supply are unavailable and because the established ceiling prices do not contain a sufficient allowance to cover the cost of transporting meat to that area from other sources of supply, the Director of Price Stabilization, upon petition of any interested party, or on his own motion, may by order designate such area as a critical area for such period as he may prescribe, and may in writing authorize you to charge and receive, for lamb, yearling or mutton products sold to buyers in that area, an amount in excess of the applicable ceiling price.

SEC. 6. *Election of seller's classification*—(a) *Election.* If you qualify to add more than one of the additions provided for in sections 20, 21, 42, or 46 of this regulation, for hotel supply houses, combination distributors, packer branch houses, wholesalers, or peddler truck sellers, you must elect which one of these additions you will add through Decem-

ber 31, 1951. This election must be made within 15 days after the effective date of this regulation. Once you have made this election, you may not thereafter elect to add any of the other additions provided for in those sections until after December 31, 1951. You may change your election once after December 31, 1951, and once after June 30, 1952, and once after each successive December 31 and June 30 thereafter. In each instance, after you have made your election, you may not thereafter add any of the additions provided for in those sections except the addition you elected, until you have changed your election in accordance with this section. Each election must be made by notifying your Regional Office of Price Stabilization of your election by a statement in writing. Any change of election must be made between January 1 and 10 or July 1 and 10 of each year and shall become effective five days after you have mailed or delivered the written statement to your Regional Office.

(b) *Reports.* If you are a hotel supply house or a combination distributor you may not apply your addition, unless within 15 days from the effective date of this regulation, you file with the appropriate Regional Office of Price Stabilization a signed statement (in duplicate) containing the following:

(1) The total volume by weight of all meats, including sausage, variety meats and edible by-products, sold or delivered by you during 1950, excluding sales to defense procurement agencies;

(2) The total volume by weight of all meats, including sausage, variety meats and edible by-products, sold or delivered by you during 1950 to purveyors of meals;

(3) The percentage obtained by dividing the figure derived in subparagraph (2) by the figure derived in subparagraph (1) of this paragraph.

A statement filed by you in accordance with the similar provisions of Ceiling Price Regulation 24 or Ceiling Price Regulation 74 shall also satisfy the requirement of filing under this section.

SEC. 7. *Import and export sales*—(a) *Ceiling prices for sales of imported lamb, yearling or mutton.* Your ceiling prices for any imported lamb, yearling or mutton product are the same as your domestic ceiling prices for such products (see also section 11 (c) of this regulation).

(b) *Ceiling prices and records for export sales of lamb, yearling or mutton products*—(1) *Ceiling prices.* The ceiling prices at which you may export any lamb, yearling or mutton product from the 48 states of the United States or from the District of Columbia to any place outside of the 48 states of the United States and the District of Columbia are your domestic ceiling prices for such products, f. o. b. your place of business (in this instance, your distribution point is your place of business) plus any of the following costs actually incurred incidental to exportation of these products:

(i) Cost of transportation to the dock;
(ii) Export packing and freezing cost;
(iii) Demurrage or warehouse charges;

(iv) Ocean freight cost;
(v) Insurance cost;
(vi) Consular fees;
(vii) Freight forwarder's fees.

You may not, however, apply any of the additions specified in Article IV of this regulation except the additions set forth in sections 40 and 42, where applicable.

(2) *Records.* You shall make and preserve the records required in sections 9 (a) (1) through (4) of this regulation and in addition to these records, you shall also keep separate records listing any of the actual costs incurred as set forth in subparagraph (1) of this paragraph. You shall furnish the buyer a written statement showing all the information you are required to record by this section.

SEC. 8. *Evasion.* (a) You shall not evade the provisions of this regulation by direct or indirect methods in connection with any offer, solicitation or agreement relating to the sale, delivery, purchase, transfer or receipt of lamb, yearling or mutton products alone or in conjunction with any other commodity or service, or by way of any commission, service, transportation, wrapping, packaging or other charge or discount, premium or other privilege, or by tying-agreement or other trade understanding, or by changing the selection, grading, or the style of dressing, cutting, trimming, cooking or otherwise processing, or the wrapping and packaging of lamb, yearling or mutton products, or otherwise.

(b) Among others, the following practices are considered evasions and are prohibited:

(1) Falsely or incorrectly grading or invoicing lamb, yearling, or mutton products.

(2) Buying or receiving kosher lamb, yearling, or mutton products by, or selling or invoicing kosher lamb, yearling or mutton products to purchasers who are not *bona fide* buyers of kosher meat.

(3) Buying or receiving by, or selling or invoicing fabricated lamb, yearling, or mutton cuts to buyers other than purveyors of meals, hotel supply houses, combination distributors, ship suppliers, or peddler truck sellers, except outside the continental United States.

(4) Offering, selling or delivering any lamb, yearling, or mutton product on condition that the buyer purchase any other lamb, yearling, or mutton product or any other commodity or service.

(5) Making or receiving a charge for delivery on the basis of a route different from that actually followed and in excess of that permitted for the route by which the lamb, yearling, or mutton product was actually delivered.

(6) Selling or transferring to a slaughterer or receiving title to live lambs, yearlings, or sheep by a slaughterer from the owner thereof, on condition, or with any understanding or agreement, that dressed carcasses or wholesale cuts derived from such lambs, yearlings, or sheep, or from other lambs, yearlings, or sheep, be sold or delivered to any designated person. However, this prohibition does not apply to the sale or trans-

fer of title to lambs, yearlings, or sheep certified to be club lambs or sheep.

(7) Charging, paying, billing or receiving any consideration for or in connection with any service for which a specific allowance has not been provided in this regulation.

(8) Selling to a buyer a carcass or wholesale cut of lamb, yearling, or mutton and buying back or receiving from the same buyer a portion of any such carcass or wholesale cut of a price below the ceiling price for that portion.

(c) The following payments shall not be construed as evasions of this regulation if made under the following conditions:

(1) A payment of not more than 17½ cents per cwt. over and above the ceiling prices fixed by this regulation, if paid by a buyer to a broker who had, prior to the issuance date of this regulation, rendered services as a broker, for services rendered by the broker to the buyer if the broker has no business affiliation with the seller.

(2) A payment by a buyer to a seller for icing services performed by the seller before delivery of any lamb, yearling, or mutton product to a carrier, if the carrier's freight charges are paid directly by the buyer and if the amount paid for such icing services does not exceed the actual commercial rates for such icing services.

(3) Where the distribution point is the seller's place of business and the transportation charges are paid by the seller to the carrier, a payment by a buyer to a seller of the buyer's proportion of that transportation charge, if such payment appears on the seller's invoice as a separate item.

SEC. 9. Records.—(a) *Records which must be preserved.* On or after the effective date of this regulation, any person who sells or transfers and any person who, in the course of trade or business, buys or receives any lamb, yearling, or mutton product, shall make and preserve, for inspection by the Office of Price Stabilization, for a period of two years, complete and accurate records of each such sale, transfer, purchase or receipt showing:

(1) The date of the transaction;

(2) The names and addresses of the buyer or the recipient and the seller or the transferor, and the class of seller and the class of buyer, i. e., retailer (R),¹ purveyor of meals (PM), wholesaler (W), combination distributor (CD), hotel supply house (HSH), defense procurement agency (DPA), peddler truck seller (P), or ship supplier (SS);

(3) The descriptive name or type of cut or item (using the names or terms employed by this regulation), the grade, quantity, and weight of all lamb, yearling, or mutton products sold, transferred or delivered or purchased, received or acquired;

(4) The price charged, received, or paid therefor.

You shall also continue to preserve all records required to be preserved by sec-

¹ You need not show the designation (R) on sales to retailers if you are a slaughterer.

tion 16 of the General Ceiling Price Regulation and by section 11 of Supplementary Regulation 54 to the General Ceiling Price Regulation.

All records required to be preserved under this section 9 may, 90 days after the date of the transaction to which they relate, be transferred to and preserved thereafter on microfilm.

(b) *Records which must accompany deliveries.* (1) Except as provided in paragraphs (a) (2), (3) and (4) of this section, any person who sells, transfers, or delivers any lamb, yearling, or mutton product shall furnish to the buyer at the time of delivery a written statement or invoice showing the information set forth in paragraph (a) of this section.

(2) You shall send with each shipment, other than a C. O. D. shipment, a copy of the written statement referred to in paragraph (a) of this section. However, the portion of the statement with respect to the price charged, received or paid therefor, may be omitted, provided:

(i) Such portion is mailed to the buyer within 24 hours after the shipment left your plant, or

(ii) If it has been your customary practice to send invoices weekly, such portion is mailed to the buyer within the week during which shipment was made.

(3) Where the shipment made constitutes the entire content of a common carrier freight car or truck, a copy of the statement referred to in paragraph (a) of this section shall be posted in the freight car or truck near or on the door. Where the shipment made constitutes only a part of the content of a common carrier freight car or truck, the copy shall be securely attached in a conspicuous place to one of the items included within the shipment. Where the shipment made is by vehicle other than a common carrier, the copy referred to shall be given to and carried by the driver and he shall be authorized to display it to any enforcement officer on request.

(4) If you transfer any lamb, yearling, or mutton product, which constitutes the entire content of a vehicle, to a business establishment or warehouse controlled or operated by you, you shall send with each vehicle making such transfer a statement showing the name and address of the owner, the point of destination and that the items involved are not being transferred to a buyer in connection with a sale. The transfer must be identified in the same manner as required in paragraph (b) (3) of this section.

SEC. 10. Reports.—(a) *Slaughterers located in Zone 2a.* If you slaughter lambs, yearlings, or sheep in a slaughtering plant or plants located in Zone 2a (as defined in Appendix 1 (c) of this regulation) you shall file with the Director of Price Stabilization at Washington, D. C., a true copy of the abattoir stamp together with the name and address of the slaughtering plant at which such abattoir stamp is used. If you have filed a true copy of your abattoir stamp with the Office of Price Stabilization, Washington, D. C., pursuant to section 10 (a) of Ceiling Price Regulation 24, you need not file again under this section.

SEC. 11. Prohibitions.—(a) *Selling at prices above ceiling.* Regardless of any contract, agreement or other obligation;

(1) You shall not sell or deliver any lamb, yearling, or mutton product at a price higher than the ceiling price established by this regulation;

(2) You shall not buy or receive in the regular course of trade or business any lamb, yearling, or mutton product at a price higher than the ceiling price established by this regulation; and

(3) You shall not agree, offer, solicit or attempt to do any of the foregoing.

You may, however, charge, demand, pay, or offer lower prices for any lamb, yearling, or mutton products, than are established by this regulation.

(b) *Selling other than defined cuts.* Regardless of any contract, agreement or other obligation, you shall not sell or deliver and you shall not buy or receive in the regular course of trade or business any lamb, yearling, or mutton product or any part or portion thereof unless such product is listed in Appendixes 2 through 6, inclusive.

(c) *Importation at prices above ceiling.* Regardless of any contract, agreement or other obligation you shall not, by direct or indirect methods, import into the 48 States of the United States or into the District of Columbia from a foreign country any lamb, yearling, or mutton product purchased by you, directly or through an agent, or through a foreign or domestic corporation affiliated with you, or any foreign or domestic subsidiary thereof, if such product has a "landed cost" higher than the "domestic ceiling price at the point of consignment." The terms in quotes are defined in this paragraph:

(1) "Landed cost" means the amount you paid for the product, directly or indirectly, plus the following expenses actually incurred by or for you:

(i) Transportation cost to the point of consignment;

(ii) Customs duties or other import taxes;

(iii) Other commodity taxes;

(iv) Dock charges;

(v) Clearance;

(vi) Insurance;

(vii) Letter of credit expenses;

(viii) Any customary buying commission to a purchasing agent outside the continental United States; and

(ix) Grading.

(2) "Domestic ceiling price at the point of consignment" means the lowest price established in the appropriate schedule for this grade of lamb, yearling, or mutton product when sold by a slaughterer, plus the zone differential, where applicable, to the point to which the shipment is consigned. In computing this price the point to which the shipment is consigned shall be the distribution point and none of the additions provided in sections 41 through 48, inclusive, may be added.

(3) *Records.* If you import into the 48 States of the United States or the District of Columbia from a foreign country any lamb, yearling, or mutton product purchased by you, directly or indirectly, you shall make and preserve for a period of two years the records required in sections 9 (a) (1) through (4).

inclusive, of this regulation; and, in addition to these records, you shall also make and preserve records for a period of two years showing any of the actual costs listed in paragraph (c) (1) (i) through (ix), inclusive, of this section which you actually incurred.

(d) *Selling without proper invoice.* (1) If the invoice or other record relating to any sale or receipt by you of any lamb, yearling, or mutton carcass, wholesale or fabricated cut does not show the class of seller or the class of buyer (as required by sections 9 (a) (2) and 9 (b) of this regulation) you shall not charge or receive and you may not pay more than the applicable ceiling price listed in Schedule I or Schedule II (d), whichever is appropriate, and you may not add any additions.

(2) If the invoice or other record relating to any sale or receipt by you of any lamb, yearling, or mutton product does not show the descriptive name or type of the cut or item sold or transferred (as required by sections 9 (a) (3) and 9 (b) of this regulation) you shall not charge or receive and you may not pay more than the applicable ceiling price for breasts.

(3) If the invoice or other record relating to any sale or receipt by you of any lamb, yearling, or mutton product does not show the grade of the item sold or transferred (as required by sections 9 (a) (3) and 9 (b) of this regulation) you shall not charge or receive and you may not pay more than the ceiling price for the lowest grade of such item listed in the applicable section or Schedule of Article II of this regulation.

SEC. 12. *Allocation of lamb, yearling, and mutton carcasses, foresaddles and hindsaddles.* (a) If you are a slaughterer, packer branch house or wholesaler, you must sell or offer to sell during any calendar month or regular monthly accounting period (commencing with the month of December 1951) not less than the same percentage (by weight) of all your lamb, yearling, or mutton products in the form of carcasses, foresaddles, or hindsaddles, which you sold or delivered during a base month in 1950. You may select any calendar month or regular monthly accounting period in 1950 as your base month. Once you have made your election, however, you cannot thereafter change it. Paragraph (b) of this section shows you how to figure the percentage referred to in this paragraph.

(b) If you are a seller to whom this section applies you must, within 30 days from the issuance date of this regulation, file a statement (in duplicate) with the appropriate Regional Office of Price Stabilization showing:

(1) Your name, address, and the type or class of your selling establishment;

(2) The total volume (by weight) of all lamb, yearling, or mutton products sold or delivered by you during the base month in 1950 (selected by you in accordance with paragraphs (a) of this section);

(3) The total volume (by weight) of all lamb, yearling, or mutton products sold or delivered by you in the form of carcasses, foresaddles, or hindsaddles, during your base month;

(4) The percentage obtained by dividing the figure derived in subparagraph (3), by the figure derived in subparagraph (2), of this paragraph. This is the percentage referred to in paragraph (a) of this section.

SEC. 13. *Enforcement.* On or after the effective date of this regulation, if you violate any provision of this regulation, or any order issued pursuant to it, you are subject to the criminal penalties, civil enforcement actions, and suits for treble damages provided for by the Defense Production Act of 1950, as amended. Also, any person, who, in the course of trade or business, buys from you at a price higher than your ceiling price, is subject to the criminal penalties and civil enforcement actions provided for by the act.

SEC. 14. *Petitions for amendment.* If you seek an amendment of any provision of this regulation, you may file a Petition for Amendment in accordance with the provisions of Price Procedural Regulation 1, Revised, issued by the Office of Price Stabilization.

ARTICLE II—PRICING SCHEDULES

SEC. 20. *Lamb, yearling, and mutton carcasses and wholesale cuts.* This section applies to all sellers who sell lamb, yearling, or mutton carcasses or wholesale cuts. If you sell any of these items, you must not exceed the ceiling prices listed in Schedule I, of this section. If you are a slaughterer, packer, packer branch house or wholesaler, you must also comply with the requirements affecting sales of carcasses, foresaddles, and hindsaddles, set forth in section 12 of this regulation.

SCHEDULE I—LAMB, YEARLING, AND MUTTON CARCASSES AND WHOLESALE CUTS.

[All prices are on a dollars per hundredweight basis, the price for any fraction of a hundredweight shall be reduced proportionately]

LAMBS				
	Prime and choice	Good	Utility	Cull
Carcass:				
Round dressed, pluck out.....	\$58.00	\$56.00	\$50.00	\$42.00
Round dressed, pluck in.....	56.00	54.00	48.00	40.00
Hindsaddle.....	65.00	63.00	57.00	-----
Leg or legs.....	64.50	62.50	56.50	-----
Loin.....	66.50	64.50	58.50	-----
Long hindsaddle.....	63.00	61.00	55.00	-----
Foresaddle.....	51.00	49.00	43.00	-----
Bracelet.....	59.00	57.00	51.00	-----
Chuck.....	47.00	45.00	39.00	-----
Rack.....	77.50	75.50	69.50	-----
Yoke.....	43.10	41.10	35.10	-----
Back.....	62.80	60.80	54.80	-----
Breast.....	22.00	20.00	14.00	-----

YEARLINGS				
Carcass:				
Round dressed, pluck out.....	\$53.00	\$48.00	\$38.00	\$27.00
Round dressed, pluck in.....	51.00	46.00	36.00	25.00
Hindsaddle.....	60.00	55.00	45.00	-----
Leg or legs.....	59.50	54.50	44.50	-----
Loin.....	61.50	56.50	46.50	-----
Long hindsaddle.....	58.00	53.00	43.00	-----
Foresaddle.....	46.00	41.00	31.00	-----
Bracelet.....	54.00	49.00	39.00	-----
Chuck.....	42.00	37.00	27.00	-----
Rack.....	71.00	64.50	53.50	-----
Yoke.....	38.50	34.00	24.30	-----
Back.....	57.80	52.80	42.80	-----
Breast.....	20.00	18.00	10.00	-----

MUTTON

	Choice	Good	Utility	Cull
Carcass:				
Round dressed, pluck out.....	\$33.50	\$31.50	\$26.50	\$24.00
Round dressed, pluck in.....	31.50	29.50	24.50	22.00
Hindsaddle.....	40.50	38.50	33.50	-----
Leg or legs.....	40.00	38.00	33.00	-----
Loin.....	42.00	40.00	35.00	-----
Long Hindsaddle.....	39.10	37.10	32.10	-----
Foresaddle.....	26.50	24.50	19.50	-----
Bracelet.....	34.50	32.50	27.50	-----
Chuck.....	22.50	20.50	15.50	-----
Rack.....	45.80	43.80	38.80	-----
Yoke.....	20.90	18.90	13.90	-----
Back.....	38.30	36.30	31.30	-----
Breast.....	12.00	10.00	5.00	-----

SPECIAL ADJUSTMENTS UNDER SCHEDULE I

(1) If any lamb, yearling, or mutton carcass or wholesale cut is not cut in accordance with specifications prescribed in Appendix 2, it shall be considered a miscut, and you may not sell such cut above the ceiling price prescribed for breasts.

(2) If any lamb, yearling, or mutton carcass or wholesale cut does not clearly bear a correct grade mark, you shall not sell the carcass or cut above the ceiling price prescribed for the corresponding carcass or wholesale cut of the lowest grade.

(3) If any lamb, yearling, or mutton wholesale cut is bruised to the extent that it does not conform to the minimum specifications as described in Appendix 2 of this regulation it shall be considered a miscut, and you must not sell such bruised cut under this price schedule. However, such bruised cut may be entirely boned and sold at a price no higher than the ceiling price provided in section 22 of this regulation for regular boneless lamb or regular boneless mutton respectively.

(4) If you are a hotel supply house or ship supplier, you may add \$1.50 per cwt. to the prices list above, except on sales to purveyors of meals, for which you may add \$6.00 per cwt. to the prices listed above.

(5) If you are a combination distributor not affiliated with a slaughterer, you may add \$2.00 per cwt. to the prices listed above, except on sales to purveyors of meals, for which you may add \$4.50 per cwt. to the prices listed above. If you are a combination distributor affiliated with a slaughterer you may add \$4.50 per cwt. to the prices listed above on sales to purveyors of meals, but you may not add anything on sales to buyers other than purveyors of meals.

(6) If you are a packer branch house not physically attached to a slaughtering plant, you may add \$0.60 per cwt. to the prices listed above on sales to retailers, hotel supply houses, and purveyors of meals only.

SEC. 21. *Fabricated cuts—*(a) *Sales of fabricated lamb, yearling, and mutton cuts by a hotel supply house or ship supplier to purveyors of meals.* This subsection applies to hotel supply houses and ship suppliers who sell fabricated lamb, yearling, or mutton cuts to purveyors of meals. If this section applies to you, you must not exceed the ceiling prices listed in Schedule II (a) of this section. You must also comply with the requirements of section 12 of this regulation.

SCHEDULE II (b)—FABRICATED CUTS (SECTION 21 (b))—Continued

Item	Lamb		Yearling mutton		Mutton	
	Prime or choice	Good	Prime or choice	Good	Choice	Good
Shoulders:						
Boned, rolled, and tied.....	\$70.40	\$67.40	\$62.80	\$53.10	\$52.00	\$29.80
Regular stew, bone-in.....	54.00	76.00	48.00	63.00	23.20	23.80
Boneless stew.....	50.00	72.00	44.00	62.00	21.00	21.40
Breast, regular stew, bone-in.....	50.00	72.00	44.00	62.00	21.00	21.40
Shanks for braising, bone-in.....	54.50	54.50	28.80	28.80	24.00	23.00

SPECIAL ADJUSTMENTS UNDER SCHEDULE II (b)

(1) If you sell to a hotel supply house, a combination distributor, a peddler truck seller, or a ship supplier, you must sell at or below the prices specified in section 21 (d).

(2) If your place of business is located in Zone 2b you may add \$2.00 per hundredweight to the prices listed above on all fabricated cuts derived from prime, choice and good grade lamb, yearling, or mutton.

SCHEDULE II (c)

[All prices are on a dollars per hundredweight basis. The price for any fraction of a hundredweight shall be reduced proportionately. The prices set forth herein include the cost of packaging, boxing, and freezing. You may not add the additions set forth in sections 42 through 48, inclusive.]

Item	Lamb		Yearling mutton		Mutton	
	Prime or choice	Good	Prime or choice	Good	Choice	Good
Legs:						
Oven-prepared.....	\$93.00	\$90.00	\$85.60	\$78.30	\$87.00	\$54.10
Boned, rolled, and tied.....	90.20	95.10	91.40	83.50	64.70	57.00
Loins:						
Flanks on, kidney suet out.....	93.70	90.00	86.50	79.20	88.20	55.40
Flanks off, kidney suet out.....	111.90	108.00	105.00	97.10	84.40	64.00
Chops.....	114.40	112.00	107.10	103.10	83.40	78.20
Boned, rolled, and tied.....	110.00	112.50	107.10	98.10	71.90	68.30
Hotel rack, 8 rib, rib chops.....	110.20	115.10	108.00	98.80	69.40	66.20
Yokes:						
Boned, rolled, and tied.....	61.20	88.20	54.50	47.90	28.00	25.70
Boneless stew.....	69.70	69.70	62.00	54.30	32.10	28.70
Backs (trimmed).....	84.10	81.30	77.20	70.30	50.40	47.60
Shoulders:						
Boned, rolled, and tied.....	67.30	64.40	60.00	52.00	31.40	28.40
Regular stew, bone-in.....	62.20	50.00	46.70	41.10	25.00	22.80
Boneless stew.....	76.50	73.50	68.40	59.90	35.40	32.00
Breast, regular stew, bone-in.....	24.50	22.20	22.20	20.00	13.40	11.10
Shanks for braising, bone-in.....	33.00	33.00	27.50	27.50	22.00	22.00

SPECIAL ADJUSTMENTS UNDER SCHEDULE II (c)

(1) If your place of business is located in Zone 2b you may add \$2.00 per hundredweight to the prices listed above on all fabricated cuts derived from prime, choice, and good grade lamb, yearling mutton or mutton.

(2) You may add to the prices listed above the actual cost of dry icing, if performed, but in no event more than \$1.00 per hundredweight.

SCHEDULE II (a)—FABRICATED CUTS (SECTION 21 (a))

[All prices are on dollars per hundredweight basis. The price for any fraction of a hundredweight shall be reduced proportionately. The prices set forth herein include the cost of packaging, boxing, and freezing. You may not add the additions set forth in section 42 through 48, inclusive.]

Item	Lamb		Yearling mutton		Mutton	
	Prime or choice	Good	Prime or choice	Good	Choice	Good
Legs:						
Oven-prepared.....	\$101.60	\$98.40	\$93.60	\$85.00	\$82.40	\$52.20
Boned, rolled, and tied.....	108.50	105.00	99.00	91.30	66.50	63.00
Loins:						
Flanks on, kidney suet out.....	102.50	99.30	94.60	86.70	63.80	60.70
Flanks off, kidney suet out.....	122.60	118.70	112.90	103.30	75.20	71.30
Chops.....	147.00	142.40	135.50	123.90	90.50	85.90
Boned, rolled, and tied.....	127.00	123.10	117.20	107.30	78.80	74.90
Hotel rack, 8 rib, rib chops.....	130.30	126.90	119.20	108.00	75.90	72.50
Yokes:						
Boned, rolled, and tied.....	66.90	63.70	59.70	52.40	31.40	28.20
Boneless stew.....	76.80	72.60	67.90	59.60	35.30	31.60
Backs (trimmed).....	91.90	88.90	84.40	76.50	53.20	52.20
Shoulders:						
Boned, rolled, and tied.....	73.00	70.40	65.60	57.60	34.40	31.20
Regular stew, bone-in.....	84.10	80.40	74.90	65.60	38.90	35.20
Boneless stew.....	26.70	24.30	24.30	21.80	14.00	12.10
Breast, regular stew, bone-in.....	36.00	35.00	30.00	30.00	24.00	24.00
Shanks for braising, bone-in.....						

SPECIAL ADJUSTMENTS UNDER SCHEDULE II (a)

(1) If you sell to a hotel supply house, a combination distributor, a peddler truck seller, or a ship supplier, you must sell at or below the prices specified in section 21 (d).

(2) If your place of business is located in Zone 2b you may add \$2.00 per hundredweight to the prices listed above on the fabricated cuts derived from prime, choice and good grade lamb, yearling, or mutton.

(3) You may add to the prices listed above, the actual cost of dry icing, if performed, but in no event more than \$1.00 per hundredweight.

SCHEDULE II (b)—FABRICATED CUTS (SECTION 21 (b))

[All prices are on dollars per hundredweight basis. The price for any fraction of a hundredweight shall be reduced proportionately. The prices set forth herein include the cost of packaging, boxing, and freezing. You may not add the additions set forth in sections 42 through 48, inclusive.]

Item	Lamb		Yearling mutton		Mutton	
	Prime or choice	Good	Prime or choice	Good	Choice	Good
Legs:						
Oven-prepared.....	\$97.30	\$94.20	\$89.60	\$81.90	\$79.70	\$46.60
Boned, rolled, and tied.....	103.50	100.60	95.60	87.40	63.60	60.30
Loins:						
Flanks on, kidney suet out.....	98.10	95.10	90.60	83.00	61.10	58.10
Flanks off, kidney suet out.....	117.30	113.00	108.00	98.00	71.50	68.10
Chops.....	140.60	136.20	129.60	118.50	85.40	82.00
Boned, rolled, and tied.....	121.60	117.10	112.10	102.70	75.40	71.60
Hotel rack, 8 rib, rib chops.....	124.80	121.50	114.10	103.40	72.60	69.20
Yokes:						
Boned, rolled, and tied.....	64.00	61.00	57.10	50.20	30.00	26.00
Boneless stew.....	73.00	69.00	64.00	56.00	33.70	30.10
Back (trimmed).....	88.00	85.10	80.80	73.90	52.90	49.90

(d) Sales of fabricated lamb or mutton

cuts by packing or slaughtering plants, packer branch houses, hotel supply houses, combination distributors, or wholesalers to ship suppliers, hotel supply houses, combination distributors, or peddler truck sellers.

SCHEDULE II (d)

[All prices are on a dollars per hundredweight basis. The price for any fraction of a hundredweight shall be reduced proportionately. The prices set forth herein include the cost of packaging, boxing, and freezing. You may not add the additions set forth in sections 42 through 48, inclusively]

Item	Lamb		Yearling mutton		Mutton	
	Prime or choice	Good	Prime or choice	Good	Choice	Good
Legs:						
Oven-prepared.....	\$88.70	\$85.90	\$81.70	\$74.70	\$54.40	\$51.60
Boned, rolled, and tied.....	94.60	91.60	87.10	79.60	57.90	54.90
Loins:						
Flanks on, kidney suet out.....	89.40	86.60	82.50	75.60	55.50	52.80
Flanks off, kidney suet out.....	106.50	103.10	98.00	89.60	65.00	61.60
Chops.....	127.90	123.80	117.80	107.70	78.40	74.30
Boned, rolled, and tied.....	110.70	107.20	102.10	93.50	68.50	65.00
Hotel rack, 8 rib, rib chops.....	113.70	110.70	104.00	94.20	66.10	63.10
Yoke:						
Boned, rolled, and tied.....	58.30	55.50	52.00	45.60	27.20	24.40
Boneless stew.....	66.30	63.10	59.00	51.70	30.50	27.20
Backs (trimmed):						
Boned, rolled, and tied.....	80.10	77.50	73.60	67.00	48.00	45.40
Shoulders:						
Boned, rolled, and tied.....	64.20	61.40	57.20	50.20	29.90	27.10
Regular stew, bone-in.....	49.90	47.80	44.60	39.30	23.90	21.80
Boneless stew.....	73.30	70.00	65.20	57.10	33.70	30.50
Breast, regular stew, bone-in.....	23.40	21.20	21.20	19.10	12.80	10.60
Shanks for braising, bone-in.....	31.50	31.50	26.30	26.30	21.00	21.00

SEC. 22. Boneless processing lamb and mutton. Your ceiling price for boneless processing lamb or mutton items shall be the price specified in Schedule III, of this section, for each listed item plus the applicable additions. For the purpose of determining the zone differential allowance provided in section 40 of this regulation, you shall use your boning plant, or if you do not bone, your selling establishment as the distribution point.

SCHEDULE III—BONELESS PROCESSING LAMB AND MUTTON

[All prices are on a dollars per hundredweight basis. The price for any fraction of a hundredweight shall be reduced proportionately. You may not add the additions set forth in Sections 42, 43, 44, 46, 47 and 48]

Item	Ceiling price
1. Lean boneless lamb.....	\$65.80
2. Lean boneless mutton.....	41.80
3. Regular boneless lamb.....	45.50
4. Regular boneless mutton.....	37.10

SCHEDULE V

[All prices are on a dollars per hundredweight basis. The prices for any fraction of a hundredweight shall be reduced proportionately. You may not add the additions set forth in sections 43, 44, 46, 47, and 48 of this regulation]

Item	Non-Kosher	Kosher	Kosher in Zone 2a	Sales to purveyors of meals
	(1)	(2)	(3)	(4)
1. Plucks (liver, lungs, and heart).....	\$23.20	\$26.20	\$35.20	\$28.00
2. Liver.....	40.20	45.20	55.20	48.20
3. Hearts.....	30.20	35.20	45.20	36.20
4. Lungs.....	4.20	4.20	10.20	-----
5. Heads.....	11.20	11.20	16.20	-----
6. Tongues.....	23.20	28.20	33.20	27.80
7. Brains.....	10.20	16.20	26.20	12.30
8. Bellies.....	6.80	-----	-----	-----
9. Fries.....	70.20	-----	-----	84.20
10. Cheek Meat.....	35.20	-----	-----	-----
11. Kidneys.....	30.00	-----	-----	36.00

ARTICLE III—DISTRIBUTION POINT

SEC. 30. Distribution Point. (a) *Lamb, yearling, and mutton products sold to purveyors of meals.* On sales of lamb, yearling, or mutton products to purveyors of meals, the distribution point may be, at the option of the seller:

(1) The point at which the meat is delivered to the carrier; or

(2) The seller's place of business if the seller makes a local delivery beginning at his place of business and continuing to the buyer's place of business; or

SCHEDULE IV

FOR SALES OF TELESCOPED STYLE LAMB, FROZEN (MILITARY SPECIFICATIONS MIL-I-1077A)

[All prices are on a dollars per hundredweight basis, frozen and wrapped, the price for any fraction of a hundredweight shall be reduced proportionately. You may not add the additions set forth in sections 43, 44, 45, 46, 47, and 48]

	Prime or choice	Good
Telescoped lamb.....	\$62.30	\$60.30

SEC. 24. Lamb and mutton variety meats.¹

(1) The point at which the meat is delivered to the purveyor of meals is delivered to a carrier for shipment to the

¹ The ceiling price for other lamb and mutton variety meats and byproducts not listed below shall be those established by the General Ceiling Price Regulation.

buyer, who pays the shipping charges directly to the carrier; or

(2) Any of the points designated in paragraph (c) of this section.

(b) *Lamb, yearling, or mutton products in less-than-carload shipments.* On sales of less-than-carload shipments of lamb, yearling, or mutton products, the distribution point may be, at the option of the seller:

(1) The seller's place of business, if the buyer comes to the seller's plant to pick up the meat; or

(2) The seller's place of business if the seller makes a local delivery beginning at his place of business and continuing to the buyer's place of business; or

(3) The unloading station nearest the buyer's place of business.

(c) *Lamb, yearling, or mutton products in carload shipments.* On sales of carload shipments of lamb, yearling, or mutton products, the distribution point may be, at the option of the seller:

(1) The point at which the buyer takes actual physical possession of the meat; or

(2) The seller's place of business if the seller makes a local delivery beginning at his place of business and continuing to the buyer's place of business; or

(3) The point from which the meat is delivered to the buyer is delivered to a carrier for shipment at the carload rate to the buyer who pays the shipping charges directly to the carrier; or

(4) The unloading station nearest the buyer's place of business.

(d) *Substituted distribution points.* If no carload freight rates are established to the applicable point listed in paragraphs (a), (b), or (c) of this section, the nearest point to which such freight rates are established becomes the applicable distribution point.

ARTICLE IV—ZONE DIFFERENTIALS AND ADDITIONS

SEC. 40. Addition 1—Zone differentials. This section establishes differentials for various geographical zones as defined in Appendix I of this regulation. The following differentials apply.

(a) *Zone 1.* The amount to be added as a zone differential where the distribution point is located in Zone 1 is determined by multiplying by 75 percent (100 percent for fabricated cuts) the fresh meat railroad carload freight rate from Denver, Colorado to the distribution point, adjusted to the nearest 10¢ per cwt.

(b) *Zone 2, Zone 2a, Zone 2b.* The amount to be added as a zone differential where the distribution point is located in Zone 2, Zone 2a, or Zone 2b is determined by multiplying by 115 percent (125 percent for fabricated cuts) the fresh meat railroad carload freight rate from Denver, Colorado to the distribution point, adjusted to the nearest 10¢ per cwt.

SEC. 41. Addition 2—Local delivery. (a) Where you make (or pay a common or contract carrier to make) a local delivery of not in excess of 3,000 pounds in any one day to the delivery point designated by the buyer, you may add to the prices specified in Schedule I through V,

inclusive, the amount indicated for the distances set forth below:

[The charge for local delivery for any fraction of a cwt. shall be reduced proportionately]

Amount (per cwt.)	Distance of delivery*
\$0.40	Up to 35 miles.
\$0.60	35 to 75 miles.
\$1.00	75 to 150 miles.
\$1.30	Over 150 miles.

*In terms of shortest railroad, truck, or railroad and truck (combined) route.

(b) Where you make a local delivery in excess of 3,000 pounds in any one day to the delivery point designated by the buyer, you may add to the prices specified in Schedules I through V, inclusive, for local delivery, the lower of the following amounts:

(1) The lowest commercial rate.

(2) The amount specified in paragraph (a) of this section for local delivery for a corresponding distance.

(c) You may not add to your ceiling prices the amount specified in paragraph (a) or (b) of this section if you add a peddler truck selling addition under section 46.

SEC. 42. Addition 3—Wholesaler's addition. (a) If you are a wholesaler as defined in section 50 of this regulation, you may apply the additions listed in this section if you have made the report required in paragraph (b) of this section. On the sale of any lamb, yearling, or mutton product (not obtained through custom slaughtering):

(1) On sales to retailers or to purveyors of meals you may add \$2.50 per cwt. to the prices specified in Schedules I and V of this regulation; or

(2) On sales to another wholesaler, you may add \$0.75 per cwt. to the prices specified in Schedules I and V; or

(3) On sales to other buyers (including defense procurement agencies), you may add \$1.25 per cwt. to the prices specified in Schedules I, IV and V.

(b) You may not add this wholesaler's addition (as set forth in paragraph (a) of this section) unless you are a wholesaler as defined in section 50 of this regulation, and unless you have filed with the appropriate Regional Office of Price Stabilization a signed statement containing the following:

(1) Your name;

(2) The address of your selling establishment;

(3) The date that you began doing business as a wholesaler;

(4) The type or types of customers to whom you regularly and customarily sell your product.

(c) **Addition for certain affiliated wholesalers.** If you do not qualify as a wholesaler, only by reason of the fact that you do not meet the requirement of clause (2) of the definition of "wholesaler," as contained in section 50 of this regulation, you may add the appropriate wholesaler's addition on sales of lamb, yearling, or mutton products which you buy for resale from unaffiliated sources, under the following conditions:

(1) The product must be readily distinguishable as having been purchased for resale (i. e., it must bear the registration number required by section 3 (f) or 4 (f) of Distribution Regulation 1, or any wrapping or packaging bearing the name or identification of the non-affiliated slaughterer from whom you bought);

(2) The name of the person from whom you bought for resale must be stated on your invoice. (If the item is a wrapped or packaged item, the name of the person whose identification appears on the package or wrapper must be shown.)

(3) After the effective date of this regulation, neither you nor any seller affiliated with you may sell any lamb or mutton carcasses or wholesale cuts to any slaughterer, packer, packer's branch house, or any person affiliated therewith;

(4) You must not, during any calendar quarter ending on or after December 31, 1951, take the addition on a greater volume, by weight, of lamb, yearling, or mutton products than you obtained from unaffiliated sources and resold during the calendar quarter ending December 31, 1950;

(5) You must file with your Regional Office of Price Stabilization, on or before December 1, 1951, a statement showing the volume by weight of lamb, yearling, or mutton products you obtained from unaffiliated sources and resold during the calendar quarter ending December 31, 1950;

(6) You must file with your Regional Office of Price Stabilization, within 15 days from the end of each calendar quarter ending on or after December 31, 1951, a statement showing, for the calendar quarter ended prior to the reporting date:

(i) The total volume (by weight) of lamb, yearling, or mutton products obtained for resale from unaffiliated sources; and

(ii) The total volume (by weight) of lamb, yearling, or mutton products sold on which the wholesaler's addition was charged.

SEC. 43. Addition 4—Freezing for defense procurement agencies. On sales of lamb and mutton carcasses or wholesale cuts to a defense procurement agency, you may add to the prices specified in Schedule I 65¢ per hundredweight for freezing.

SEC. 44. Addition 5—Wrapping. If any lamb or mutton carcass or wholesale cut is completely wrapped by one of the methods listed in this section, you may add to the price specified in Schedule I an amount equal to the actual cost to you of such wrapping but not more than the maximum amount specified below opposite the method of wrapping:

Wrapping:	Hundred-weight
1. One Stockinette or one Krinkle Kraft paper	20
2. Banana bag (or peach paper) and Stockinette	30
3. Waxed Krinkle Kraft paper and Stockinette	35

SEC. 45. Addition 6—Packing in shipping containers. For packing lamb,

yearling, or mutton products in the following containers you may add to the prices specified in Schedules I, III, and V the amount specified below opposite the type of container used:

5/15-pound wood, metal, or solid fibre containers, or pails	\$1.80
16/35-pound wood, metal, or solid fibre containers	1.50
36/65-pound wood, wire-bound crates, or solid fibre boxes	1.00
66-pound/up, wood, wire-bound crates, or solid fibre boxes	.80
Barrels	.70
Crate (containing four 5-pound pails)	.60
Crate (containing four 10-pound pails)	.50

No more than one container addition may be made for any one product, except crates, which may be added in addition to pails.

SEC. 46. Addition 7—Peddler truck selling addition. (a) On a peddler truck sale to a buyer's store door or place designated by the buyer for delivery, you may add \$2.75 per cwt. to the prices specified in Schedules I and V. On sales of lamb, yearling, or mutton products which you purchased from a bona fide wholesaler you may add \$3.75 per cwt. to the prices listed in Schedules I and V, provided your records clearly indicate the fact that the item resold by you was purchased from a wholesaler.

(b) You may not add the addition provided in paragraph (a) of this section unless you make a peddler truck sale as defined in Section 50 of this regulation and unless you have filed with the appropriate Regional Office of Price Stabilization a signed statement containing the following:

(1) Your name;

(2) Your business address;

(3) The date you began doing business as a peddler truck operator;

(4) The type or types of customers to whom you regularly and customarily sell your product;

A similar filing made by you heretofore under Ceiling Price Regulation 24 or Ceiling Price Regulation 74 shall satisfy the requirements of this section, so that if you made such a filing before the issuance date of this regulation you need not file again under this section in order to qualify as a peddler truck seller of lamb, yearling, or mutton products.

SEC. 47. Addition 8—Kosher foresaddles and kosher wholesale cuts. For any grade of kosher lamb, yearling, or mutton foresaddle or kosher wholesale cut derived from the foresaddle sold to a bona fide purchaser of kosher meat, you may add \$1.20 per cwt. to the prices listed in Schedule I, except on sales of such foresaddle or cuts derived from animals slaughtered in Zone 2a, for which you may add \$2.00 per cwt.

SEC. 48. Addition 9—Lamb, yearling, and mutton products from lambs, yearlings, and sheep slaughtered in Zone 2a. For any grade of lamb, yearling, or mutton foresaddle or any cuts derived from such foresaddle, obtained from lambs, yearlings, or sheep slaughtered in Zone 2a, you may add \$3.00 per cwt.

ARTICLE V—GENERAL DEFINITIONS

SEC. 50. *General definitions.* When used in this regulation, the term:

"Affiliated" means the relationship existing between two persons when one is owned or controlled by the other, or both are owned or controlled by the same person or when one is an employee or agent of the other. Own or control means to own or control directly or indirectly a partnership equity or in excess of 10 percent of any class of outstanding stock, or to have made loans or advances, except sales on open account, in excess of 5 percent of the other person's monthly sales.

"Buyer of Kosher meat" means a person who during 1950 maintained a selling establishment at which he regularly and generally sold kosher meat as such, or a person who during 1950 was a purveyor of kosher meats.

"Carload" means any of the following, which may be applicable:

(1) A shipment by rail of fresh or frozen wholesale meat cuts, cured meat cuts, meat or processed products, or carcasses, or any combination of the foregoing to a single delivery point, of at least the minimum weight upon which the railroad carload rate from the point of shipment to the delivery point, as evidenced by the tariff of railroad carriers, is based. However, in cases where the transportation charge for shipment of a lesser weight at the railroad carload rate would be less than the transportation charge for that shipment at the railroad less-than-carload rate, that shipment shall be considered a carload; or

(2) A shipment by motor truck or trucks to a single delivery point of 15,000 pounds or more of fresh or frozen wholesale meat cuts, cured meat cuts, meat or processed products, or carcasses, or any combination of the foregoing, as a single bulk sale transaction; or

(3) Any single bulk sale transaction wherein the buyer takes delivery at the seller's place of business of 15,000 pounds or more of fresh or frozen wholesale meat cuts, cured meat cuts, meat or processed products or carcasses or any combination of the foregoing.

"Club lamb or sheep" means any lamb or sheep which have been bred, raised and fed, or fed only, by a member of a 4-H or F. F. A. Club under the supervision of the Extension Service of the United States, or by an individual participating in a vocational agricultural project under the supervision of a vocational teacher in any recognized Vocational Agricultural Department, and which have been certified in writing to conform to this definition by the supervisor, club agent, agricultural county agent or vocational agricultural project teacher under whose supervision such lamb or sheep were bred, raised, or fed.

"Combination distributor" means any establishment:

(1) Which during 1950 sold or delivered to purveyors of meals not less than 25 percent of the total volume by weight of all meats, including sausage, variety meats and edible by-products, sold or delivered by it, excluding sales to defense procurement agencies; and

(2) Which is not physically attached to a packing or slaughtering plant, packer's branch house, wholesaler's or other selling establishment with which it is affiliated; and

(3) Which sold or delivered to ultimate consumers during 1950 not more than 50 percent of the total volume by weight of all meat, including sausage, variety meats and edible by-products, sold or delivered by it during 1950, excluding sales to defense procurement agencies.

"Consumer or ultimate consumer" means an individual who purchases meat for off the store consumption by himself, his family, or household.

"Defense procurement agency" means the Department of Defense (including the Department of the Army, the Department of the Navy, and the Department of the Air Force), the Marine Corps, the United States Coast Guard, the Department of Agriculture, the Veterans Administration or any agency of the foregoing.

"Distribution point" is defined in Article III of this regulation.

"Fresh meat carload freight rate or carload freight rate" means the rate charged for transportation of a carload of fresh meat (exclusive of any charge for services, e. g., icing), including the Federal transportation tax. If there is a charge for carloads of fresh meat hung carcasses and for carloads of other fresh meat, then fresh meat carload freight rate or carload freight rate means the rate for hung carcasses.

"Grades" means the uniform grades required under Distribution Regulation 2.

"Hotel supply house" means any establishment:

(1) Which during 1950 sold or delivered to purveyors of meals not less than 70 percent of the total volume by weight of all meats, including sausage, variety meats and edible by-products, sold or delivered by it, excluding sales to defense procurement agencies; and

(2) Which is not affiliated with a packing or slaughtering plant, packer's branch house, wholesaler's or other non-retail meat selling establishment.

"Lamb, yearling, or mutton product" means meat graded as lamb, yearling mutton, or mutton under the provisions of Distribution Regulation 2 and in accordance with the "Official U. S. Standard for Grades of Lamb, Yearling Mutton and Mutton Carcasses" of the United States Department of Agriculture, or any product produced in whole or in substantial part from lamb, yearling mutton, or mutton (or any combination of these), except sausage and canned meats.

"Local delivery" means delivery commencing at the distribution point and continuing to the buyer's place of business or to the delivery point designated by the buyer.

"Packer branch house" means a selling establishment:

(1) Which is affiliated with a packing or slaughtering plant to which it is not physically attached; and

(2) Which operated as a selling establishment for the affiliated packing or slaughtering plant at any time between January 1, 1950 and the issuance date of this regulation; and

(3) Which has not elected any other seller's addition under the provisions of section 6 of this regulation.

"Peddler truck sales" means a sale of lamb, yearling, or mutton products from a truck by a person:

(1) Who purchases lamb, yearling, or mutton products at or below the ceiling price from a seller with whom he has no other financial affiliations or relationships;

(2) Who takes delivery at the seller's place of business;

(3) Who does not sell or deal in meat in any manner other than sales out of stock carried in a truck driven by him; and

(4) Who has sold meat in this manner at any time between January 1, 1950, and April 30, 1951, inclusive.

"Purveyor of meals" means:

(1) Any restaurant, hotel, cafe, cafeteria or establishment which purchases meats and serves meals, food portions or refreshments for a consideration; or

(2) Any hospital, asylum, orphanage, prison or other similar institution; or

(3) Any person who is feeding, under a written contract with an agency of the United States, personnel of the armed services of the United States, fed under the command of a commissioned or non-commissioned officer or other authorized representative of the armed services of the United States; or

(4) Any person operating a vessel, engaged in the transportation of cargo or passengers in foreign, coast-wise, inter-coastal trade, or trade upon interior waterways or the Great Lakes, including ships operated under the jurisdiction of the Maritime Administration, if the meat is delivered for consumption aboard such vessel.

(5) The term "purveyor of meals" does not include a defense procurement agency.

"Sales at retail" means a sale to an individual for consumption by himself, his family or household off the seller's premises. A retailer means a person who sells at retail.

"Sausage" means chops, ground, or comminuted meat seasoned with spice or condiments to which salt, sodium nitrate, sodium nitrite, or extender may be added.

"Shipment" means commodities which are consigned to a single buyer as part of a single freight car or truck movement or delivery to the place of business or warehouse of the buyer, other than a consignment or delivery of the entire content of a common carrier, freight car or truck to a defense procurement agency.

"Ship operator" means any person (including the Maritime Administration, but excluding all defense procurement agencies) who operates a vessel engaged in the transportation of cargo or passengers in foreign, coast-wise, inter-coastal trade, or trade upon interior waterways or the Great Lakes.

"Ship supplier" means any person who sells the products covered by this regulation to ship operators. You are a ship supplier only as to such sales which you actually make to ship operators.

"Slaughterer" means a person who owns or is affiliated with a slaughtering plant or slaughtering facilities engaged

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in the slaughter of lamb or sheep, or who has lamb or sheep slaughtered for him by another person.

"Slaughtering facilities" means any equipment designed or used for the commercial killing of calves, cattle, lambs, sheep, or hogs.

"Slaughtering plant" means any place equipped or used for the commercial killing of calves, cattle, lambs, sheep or hogs.

"Ultimate consumer" see definition of consumer.

"Wholesaler" means a person other than a hotel supply house, ship supplier, combination distributor or peddler truck seller:

(1) Who buys lamb or mutton or lamb or mutton products for resale; and

(2) Who is not affiliated with any slaughtering plant or facilities, engaged in the slaughtering of lambs or sheep; and

(3) Who maintains and operates a separate selling establishment, equipped with reasonable and adequate storage facilities, in such a manner that the total monthly poundage of meats and meat by-products sold out of stock carried in his separate selling establishment constitutes not less than 90 percent of the total monthly poundage of all meats and meat by-products resold by him; and

(4) Who operated in this manner at any time during 1950.

If, however, you have not operated in this manner at any time during 1950, but you have made a substantial investment in plant or equipment prior to April 30, 1951, you may file an application with the Director of Price Stabilization, Washington 25, D. C., requesting that you be qualified as a wholesaler. Your application shall state the nature and extent of your investment in plant or equipment and when such investment was made. If the Director finds that you have made such an investment prior to April 30, 1951, he may, by order, qualify you as a wholesaler under the appropriate provisions of this regulation.

"You or person" indicates the person subject to this regulation, including any individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of any of these and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing, but no punishment provided by this regulation shall apply to the United States or to any such government, political subdivision or agency.

Effective date. This regulation shall become effective on November 13, 1951. You may, however, adopt in whole the provisions of this regulation at any time before the effective date.

NOTE: The record keeping and reporting requirements of this regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

MICHAEL V. DISALLE,
Director of Price Stabilization.

NOVEMBER 8, 1951.

APPENDIX 1—ZONE DEFINITIONS

(a) **Zone 1.** Zone 1 means that area of the United States lying west of and including the following States or portions thereof:

The entire State of Montana;
The entire State of Wyoming, except the Counties of Platte, Goshen and Laramie;

The entire State of Colorado, except the following Counties: Sedgwick, Phillips, Yuma, Kit Carson, Cheyenne, Logan, Washington, Lincoln, Weld, Morgan, Denver, Adams, Arapahoe, Douglas, Elbert, El Paso, Teller, Pueblo, Crowley, Otero, Bent, Kiowa, and Powers;

The entire State of New Mexico;
That portion of Texas included in the following Counties: El Paso, Hudspeth, Culberson, Reeves, Jeff Davis, Pecos, Presidio, Brewster, and Terrell.

(b) **Zone 2.** Zone 2 means that portion of the United States not included in Zone 1, Zone 2a, and Zone 2b.

(c) **Zone 2a.** Zone 2a means the area described as follows: The entire State of Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New Jersey, Delaware, Maryland, and the District of Columbia.

The portion of New York east and including the Counties of St. Lawrence, Jefferson, Lewis, Herkimer, Otsego, and east and southeast of and including the County of Delaware; and

The portion of Pennsylvania east of and including the Counties of Tioga, Wyoming, Union, Mifflin, Juniata, Perry, and Franklin.

(c) **Zone 2b.** Zone 2b means the area described as follows:

The portion of Florida south of and including the Counties of Pinellas, Hillsborough, Polk, Orange, Seminole, and Volusia.

APPENDIX 2—LAMB AND MUTTON CARCASSES AND WHOLESALE CUTS DEFINITIONS

(a) Appendix 7A of this regulation contains charts showing the cuts for which the technical descriptions are given below. When used in this regulation, the term:

1. "**Lamb or mutton carcass, round dressed**", means and is limited to the dressed meat derived from animals of the ovine species which shall be dressed in the following manner:

The head shall be removed by disjoining at the socket joint. The pelt shall be entirely removed. The front and hind trotters shall be detached at the carpal and tarsal joints respectively. All the viscera (not including the melts and kidneys and kidney fat) shall be entirely removed. The pluck may be left in or taken out. The inside of the carcass shall be thoroughly cleaned by washing.

"**Lamb or mutton wholesale cut**", means and is limited to any of the following cuts meeting the following minimum specifications, derived from the lamb and mutton carcass, but excluding the offal and any item not included therein (all measurements prescribed herein shall be made with a rigid straight ruler. All cuts shall be made according to the definite guides and measurements specified. Ribs are designated as 1st to 13th, inclusive, counting as the first rib that one which is nearest the neck end of the carcass).

2. "**Hindsaddle**" and "**hindquarter**" means the double and single hindquarters, respectively, including the 13th rib. The hindsaddle is made by cutting between the 12th and 13th ribs following the curvature of the ribs close to the 12th rib to the point where the 12th rib turns. The cut is completed by following a line through the flank at a right angle to the chine bone. The cut is split in half through the center of the chine bone to make the hindquarter.

3. "**Foresaddle**" and "**forequarter**" means the double and single forequarters, respec-

tively, and includes 12 ribs. It is the anterior portion of the carcass remaining after the removal of the hindsaddle. The foresaddle is made by cutting between the 12th and 13th ribs following the curvature of the ribs close to the 12th rib to the point where the 12th rib turns. The cut is completed by following a line through the flank at a right angle to the chine bone. This cut is split in half through the center of the chine bone to make the forequarter.

4. "**Long Hindsaddle**" means a cut which includes the hindsaddle as described in this Appendix 2 (a) (2) and the bracelet as described in this Appendix 2 (a) (9).

5. "**Legs**" and "**leg**" means a pair of legs and one leg, respectively. The legs are separated from the loin by cutting squarely in a line at a right angle to the chine bone, just exposing the end or point of the hip bone and leaving all of the hip bone in the leg. The cut shall be made in a straight line which is perpendicular to the contour of the outside or skin surface of the hindsaddle. The pair of legs may then be split through the center to make the single leg.

6. "**Loin**" and "**half loin**" means the double and single loin, respectively, and is the part of the hindsaddle which remains after the legs have been removed. The loin is separated from the hindsaddle by cutting squarely in a line at a right angle to the chine bone, just exposing the end or point of the hip bone, leaving none of the hip bone in the loin. The cut shall be made in a straight line which is perpendicular to the outside or skin surface of the hindsaddle. The loin includes the 13th rib and is not trimmed, i. e., it includes the flank, kidney and fat. The half loin is made by splitting the loin in half through the center of the chine bone.

7. "**Hotel rack**" may be either the double or single rib sections from the 5th to the 12th ribs, inclusive, minus the breast. It is made by cutting the foresaddle or forequarter, starting at a point on the 12th rib not more than four inches down from the point of the eye, cutting in a straight line to a point on the 4th rib which is not more than four and one-half inches from the hollow of the chine bone on the inside in the lamb carcass, and not more than four inches from the hollow of the chine bone on the inside in the mutton carcass. It is then separated from the yoke by cutting between the 4th and 5th ribs following the curvature of the ribs close to the 4th rib. It may be split through the center of the chine bone to make two single rib sections.

8. "**Yoke**" means the foresaddle minus the hotel rack. It consists of the neck, brisket, breast, shanks, and shoulders. The half yoke is made by splitting the yoke in half through the chine bone and neck bone.

9. "**Bracelet**" means a subdivision of the foresaddle consisting of the ribs and breast from the 5th to the 12th ribs, inclusive. The bracelet is made by cutting the foresaddle or forequarter between the 4th and 5th ribs following the curvature of the ribs close to the 4th rib until this rib turns to join the breast bone at which point the cut is completed by following a line through the breast at a right angle to the chine bone. It may be split through the center of the chine bone.

10. "**Chuck**" means the subdivision of the foresaddle left after cutting a bracelet and consists of the neck, shoulders, shank, and brisket. It includes the 1st to the 4th ribs. It is separated from the foresaddle or forequarter by cutting between the 4th and 5th ribs following the curvature of the ribs close to the 4th rib until this rib turns to join the breast bone at which point the cut is completed by following a line through the breast at a right angle to the chine bone. It may be split through the center of the chine bone.

11. "4 rib shoulder" means a cut made from the yoke or chuck by cutting in a straight line starting at a point on the 4th rib not more than four and one-half inches from the hollow of the chine bone on the inside in the lamb carcass passing through a point at the forward end of the first segment of the sternum or breast bone. This cut will separate the shoulder from the brisket and shank. When the shoulder has been separated from the brisket and shank, the only bone to show on the side of the shoulder other than the ribs, is the arm bone. It may be split through the center of the chine bone.

12. "Breast" means either the part which remains after 4-rib shoulder has been removed from the yoke, in which case it includes the breast, brisket and shank, or the part which remains after the 4-rib shoulder has been removed from the chuck, in which case it includes the brisket and shank.

13. "Back" means a cut consisting of the bracelet, as described in this Appendix 2 (a) (9) and the loin, as described in this Appendix 2 (a) (b).

APPENDIX 3—FABRICATED LAMB AND MUTTON CUTS DEFINITIONS

When used in this regulation, the term:

(a) *Fabricated lamb and mutton cuts* means any of the following cuts, meeting the following minimum specifications and derived from specified lamb and mutton wholesale cuts, as provided for in Appendix 2. All cuts shall be made according to the specifications herein.

1. "Leg, oven-prepared" means the leg cut as described in Appendix 2 (a) (5) with all bones except the leg bone (femur) removed and tied. The leg bone means the bone between the stifle joint and the rump bone. All cod and udder fat must be removed.

2. "Leg, boned, rolled and tied" means the leg cut as described in Appendix 2 (a) (5) prepared in the following manner: All bones are removed, the fell is pulled off the shank meat up to the stifle joint, the shank meat is either cut off and placed lengthwise in the pocket left by the aitch and leg bones, or folded back, and the meat is then rolled into a cylindrical shape and tied with at least four loops. All cod and udder fat must be removed.

3. "Loin, flank on, kidney and suet out" means the loin described in Appendix 2 (a) (6) with the kidney and all the suet and the melt removed. The fat in the loin shall be trimmed smooth and trimming by knife shall be apparent.

4. "Loin, flank off, kidney and suet out" means the loin prepared as described in the preceding paragraph with the flank removed. The flank shall be removed by starting at a point on the 13th rib not more than four inches down from the point of the eye and then cutting in a straight line to a point at the other end not more than four-and-a-half inches from the chine bone.

5. "Loin chops" means chops cut from the loin, prepared as described in the preceding paragraph with the flank off and the kidney and suet out, from which the 13th rib has been removed. To make chops, the fell is removed and the loin is then split into two parts along the center of the chine bone. Each half is further separated by making cuts straight down on lines at right angles to the chine bone. Each loin must be cut in this manner into at least four individual chops which may be of desired size or weight.

6. "Loin, boned, rolled, and tied" means the loin prepared flank on, kidney and suet out, as described in this Appendix 3 (a) (3), from which is removed one inch of the flank containing the gristle and sinews. The 13th rib and the entire chine bone and fell are also removed. The loin meat is then rolled into a cylindrical shape and tied with at least four loops.

7. "Rib chops, regular" means chops cut from the hotel rack in the following man-

ner: The fell is removed together with all excess fat and the rack is then divided in the center of the chine bone. All that portion of the blade bone remaining on the rack shall be removed as well as all meat and fat above that portion of the blade bone. The breast or wing of the rib chop shall not exceed 2½ inches measured from a point at the center of the eye. The chine bone shall be entirely removed by cutting to the point at which the chops join the feather bone. The single hotel rack is then divided into rib chops by splitting between the ribs into at least four rib sections which may be of any desired size or weight. The shoulder blade and the meat above the blade must be removed.

8. "Yoke, boned, rolled and tied" means the yoke cut as described in Appendix 2 (a) (8) with all bones removed, rolled into a cylindrical shape and tied with at least four loops.

9. "Yoke, boneless stew" means small cubes of boneless meat derived from the yoke bone none of which is more than two cubic inches in size or contains more than one-fourth inch of fat or consists of more than 25 percent fat.

10. "Shoulder, boneless stew" means small cubes of boneless meat derived from the shoulder, none of which is more than two cubic inches in size or contains more than one-fourth inch of fat or consists of more than 25 percent fat.

11. "Shoulder, boned, rolled, and tied" means the 4-rib shoulder cut as described in Appendix 2 (a) (11) with all bones removed, rolled into a cylindrical shape and tied with at least four loops.

12. "Shoulder, regular stew, bone in" means small cubes of meat derived from the 4-rib shoulder none of which is larger than two cubic inches in size.

13. "Shank, bone in, for braising" means a shank separated from the breast and shank cut as described in Appendix 2 (a) (12) in the following manner: The shank is separated from the breast at the shank knuckle bones. The cut should start at the same point as that which separates the breast and shank from the shoulder. The lower foreshank is cut off at the knee joint. Trotter must be removed.

14. "Breast, regular stew, bone in" means small cubes of meat derived from the breast bone of which is larger than two cubic inches in size. The breast is as defined in appendix 2 (a) (12) of this regulation.

15. "Flank" means that portion of the hindsaddle remaining after the removal of the leg and the severance of the loin. The flank shall be severed from the loin by cutting a straight line beginning at the lower end of the loin which was the ventral point of the loin and leg and continuing to a fixed point at the end of the 13th rib.

16. "Trimmed back" means the back as described in Appendix 2 (a) (14) of this regulation from which the breast and flank have been removed by cutting a straight line beginning at a point four inches above the eye at the rib end of the back and continuing to a point above the eye at the loin end of the back.

APPENDIX 4.—BONELESS PROCESSING LAMB AND MUTTON, DEFINITIONS

When used in this regulation:

(a) *Boneless processing lamb and mutton* means any of the following carcasses and wholesale cuts which are derived from the utility and/or cull grade of lambs or mutton:

1. "Lean boneless lamb" means the boneless lamb meat derived from the boning of all or any part of the carcass. The pluck, all cords, sinews, neck straps, kidneys and melts shall be removed. The trimmable fat shall not exceed 8 percent of the total weight of the meat.

2. "Lean boneless mutton" means the boneless mutton meat derived from the boning of the entire carcass. The pluck, all

cords, sinews, neck straps, kidneys and melts shall be removed. The trimmable fat shall not exceed 8 percent of the total weight of the meat.

3. "Regular boneless mutton" means boneless meat derived from the boning of any portion of the mutton carcass. The pluck, cords, sinews, neck straps, kidneys and melts shall be removed. The trimmable fat shall not exceed 25 percent of the total weight of the meat.

4. "Regular boneless lamb" means the meat derived from the boning of any portion of the lamb carcass. The pluck, cords, sinews, neck straps, kidneys and melts shall be removed. The trimmable fat shall not exceed 25 percent of the total weight of the meat.

APPENDIX 5—TELESCOPED STYLE LAMB, FROZEN (MILITARY SPECIFICATIONS) DEFINITION

When used in this regulation, the term:

(a) "Telescoped style lamb, frozen" means a lamb carcass prepared in accordance with the Military Specifications of lamb, telescoped, frozen, set forth in Specifications MIL-L-1077A, issued May 17, 1950, by the Department of the Army, the Navy, and the Air Force. Any telescoped style lamb, frozen, which has been rejected by the purchasing agency of a defense procurement agency shall not be sold as "telescoped style lamb, frozen (military specifications)". It may, however, be sold at the ceiling price for the applicable grade of lamb carcass established by this regulation.

The seller shall place a sticker or stencil on the outer wrapping, certifying the appropriate grade of the product contained therein. By placing an official U. S. inspection stamp on the container, the official inspector shall attest the accuracy of the seller's certification.

APPENDIX 6—LAMB AND MUTTON VARIETY MEATS AND BY-PRODUCTS DEFINITIONS

When used in this regulation, the term:

(a) "Lamb and mutton variety meat and by-products" means any of the following edible by-products of lamb or sheep which is clean, sound, has at all times been handled in a sanitary manner, and is free from foreign material, mucus, and wool. Referring to variety meats and edible by-products derived from lamb or sheep slaughter the term:

"Brains" means both brain lobes, the small knot at the base of the brain and short piece of spinal cord approximately ¾ of an inch in length.

"Cheek meat" means all the meat from the head including lips and glands.

"Fries" means clean fries free of cords when taken from the animal.

"Head" means the entire head including the tongue trimmed free of wool and thoroughly cleaned.

"Hearts" means hearts with heart valve attached, free of blood clots and with an aorta not over 1 inch in length.

"Kidneys" means kidneys free from spots and with kidney fat removed.

"Livers" means livers from which the gall bladder and connective tissue have been removed and which are free of white spots.

"Lungs" means lungs from lamb or sheep. The trachea (windpipe) is to be cut off close to the body of the lungs.

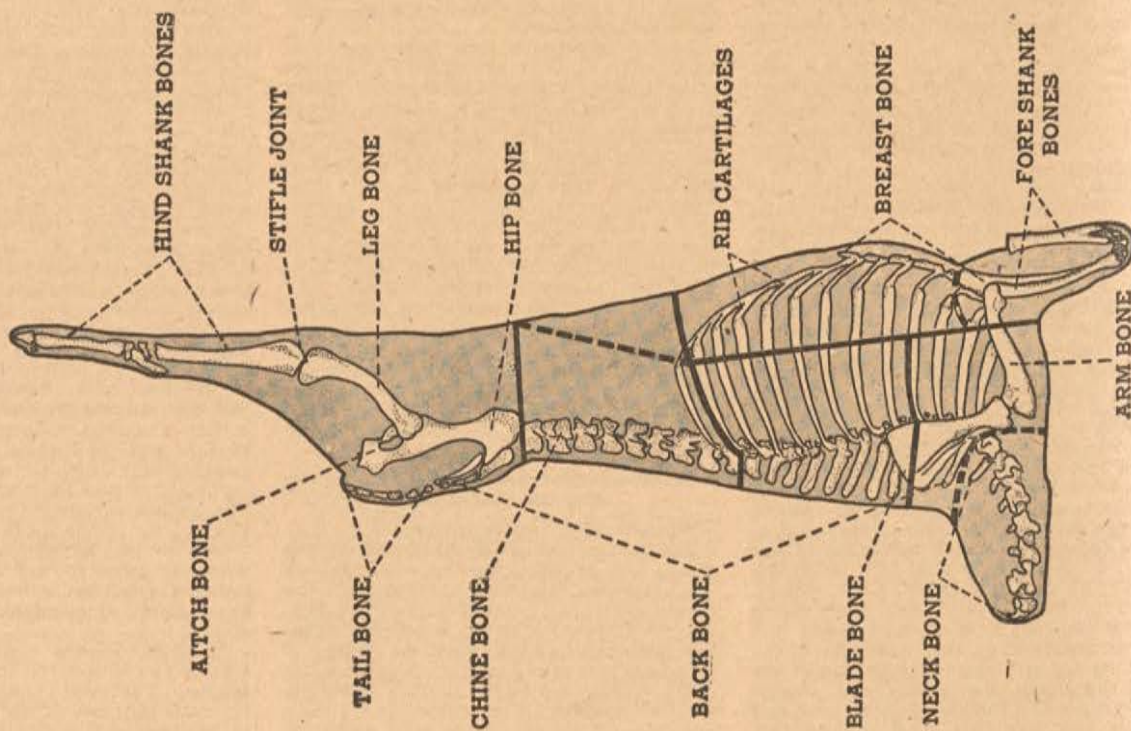
"Plucks" means the heart, liver and lungs naturally attached; the liver to be free of spots; the trachea (windpipe) opened and cleaned free of blood clots, and the lungs cleaned.

"Tongues" means tongues skinned and trimmed so as to leave the epiglottis on the tongue. The hinge bones are to be cut flush from the butt end of the tongue. All fat is to be trimmed from the base of the tongue.

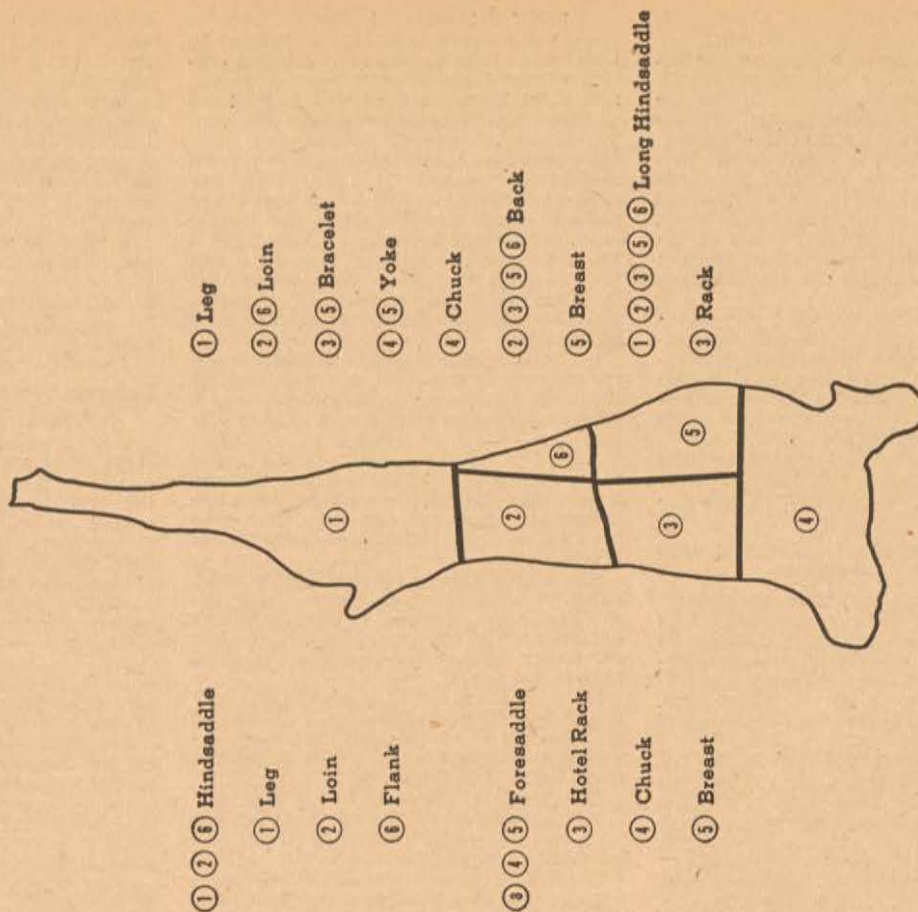
"Tripe" or "Bellies" means paunches (stomachs) thoroughly cleaned by washing and scalding accordingly to B. A. I. instructions or similar good commercial practice.

Appendix 7

LAMB, YEARLINGS, MUTTON
SKELETAL CHART

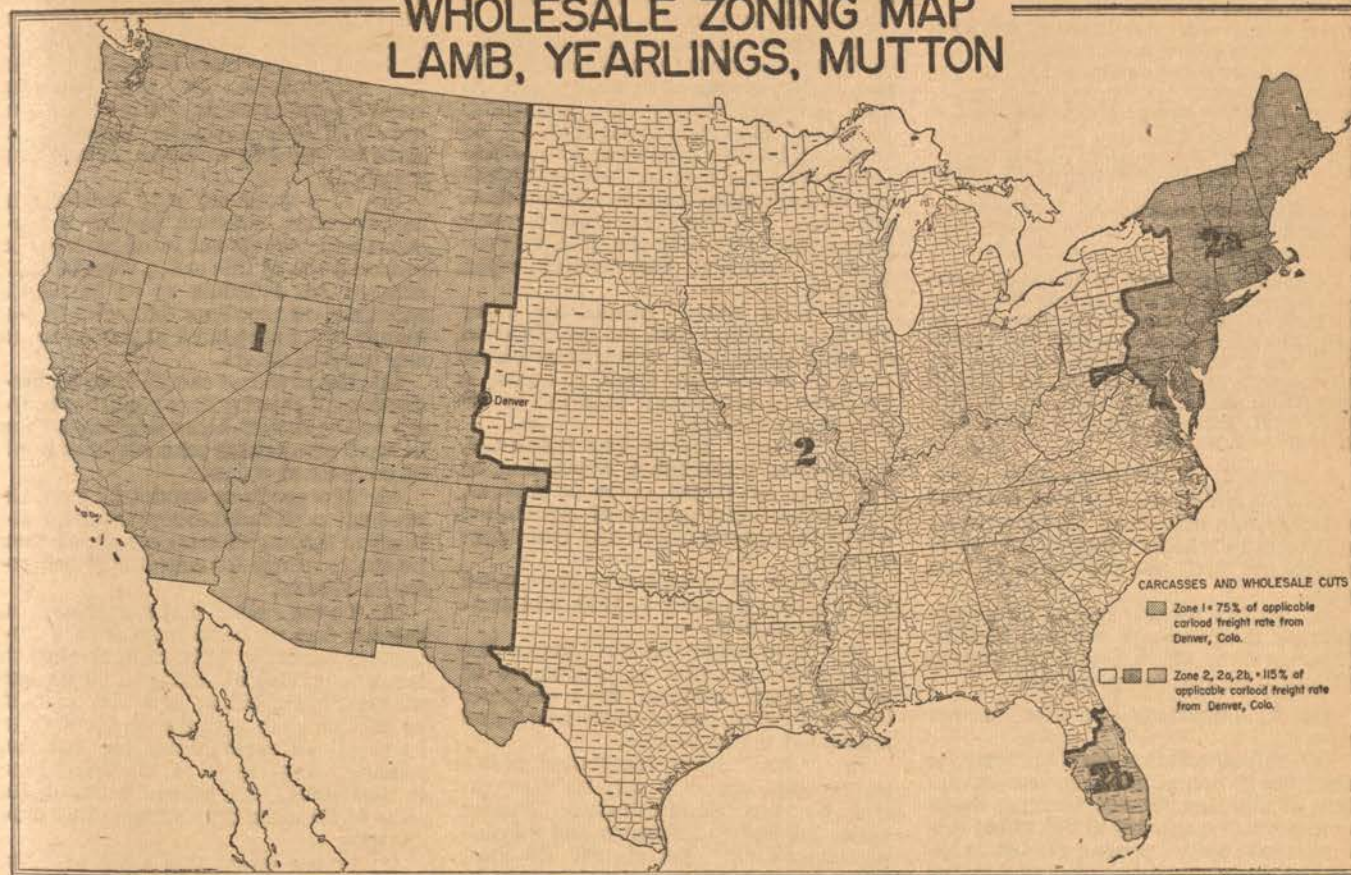


Appendix 7A
LAMB, YEARLINGS, MUTTON CHART
WHOLESALE CUTS



Appendix 8—Zone Map

WHOLESALE ZONING MAP LAMB, YEARLINGS, MUTTON



[F. R. Doc. 51-13634; Filed, Nov. 8, 1951; 4:00 p. m.]

Chapter IV—Salary and Wage Stabilization, Economic Stabilization Agency

Subchapter A—Salary Stabilization Board [General Salary Order 4]

GSO 4—REGULARLY EXTENDED WORK-WEEK FOR FOREMEN AND SUPERVISORS

STATEMENT OF CONSIDERATIONS

Because of overtime earned during a regularly extended work-week by employees under the supervision of foremen and supervisors, historical or customary differentials between the compensation of foremen and supervisors and the compensation of employees supervised by them have been and are being impaired. The purpose of this regulation is to permit such historical differentials to be restored by permitting payment of compensation for extra hours worked during a regularly extended work-week.

In the formulation of this regulation due consideration has been given to the standards and procedures set forth in Title IV and Title VII of the Defense Production Act, as amended; there has been consultation with industry representatives and consideration has been given to their recommendations.

Sec.

1. Scope of this order.
2. Extended work-week.

AUTHORITY: Sections 1 to 2 issued under sec. 704, 64 Stat. 816 as amended; 50 U. S. C.

App. Sup. 2154. Interpret or apply Title IV, 64 Stat. 803, as amended; 50 U. S. C. App. Sup. 2101-2110, Executive Order 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.

SECTION 1. *Scope of this order.* This order applies to foremen, and to supervisors in a position comparable to foremen, subject to the jurisdiction of the Salary Stabilization Board.

SEC. 2. *Extended work-week.* (a) An employer who on or prior to January 25, 1951, had a plan or practice of paying foremen or supervisors additional compensation for hours worked in excess of a normal work-week may continue to pay additional compensation to such employees in accordance with such plan or practice.

(b) An employer who did not have such a plan or practice may pay a foreman or a supervisor in a position comparable to a foreman additional compensation during a regularly extended work-week for hours worked in excess of the normal work-week, but the additional compensation shall not, without approval of the Office of Salary Stabilization, exceed his straight-time rates.

By order of the Salary Stabilization Board on October 29, 1951.

R. B. ALLEN,
Chairman.

[F. R. Doc. 51-13605; Filed, Nov. 8, 1951; 9:18 a. m.]

Chapter VI—National Production Authority, Department of Commerce

[NPA Order M-41 as Amended Nov. 8, 1951]

M-41—METALWORKING MACHINES—DELIVERY.

This order as amended is found necessary and appropriate to promote the national defense and is issued pursuant to the authority of section 101 of the Defense Production Act of 1950, as amended. In the formulation of this amended order, there has been consultation with industry representatives, including trade association representatives, and consideration has been given to their recommendations.

This amendment affects NPA Order M-41 as follows: Section 1 is amended. In section 2, paragraph (a) is amended and new paragraphs (i), (j), and (k) are added. Sections 3 and 4 are amended. Paragraph (e) of section 5 is amended. Sections 7, 9, and 11 are amended. A new section 12 is added and present sections 12 through 15 are redesignated. Exhibit A is amended.

NPA Order M-41 as amended reads as follows:

Sec.

1. What this order does.
2. Definitions.
3. Limitations on deliveries and acceptance of orders.
4. Allocation of deliveries to service and other purchasers.

Sec.

5. Distribution of production among service purchasers.
6. Treatment of fractions.
7. Additional information to be furnished with rated purchase orders.
8. Changes and amendments.
9. Frozen period.
10. Effect of this order on NPA Reg. 2.
11. Replacement parts.
12. Pool orders.
13. Applications for adjustment or exception.
14. Records and reports.
15. Communications.
16. Violations.

AUTHORITY: Sections 1 to 16 issued under sec. 704, 64 Stat. 816, Pub. Law 96, 82d Cong.; 50 U. S. C. App. Sup. 2154. Interpret or apply sec. 101, 64 Stat. 799, Pub. Law 96, 82d Cong.; 50 U. S. C. App. Sup. 2071; sec. 101 E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.; sec. 2, E. O. 10200, Jan. 3, 1951, 16 F. R. 61; secs. 402, 405, E. O. 10281, Aug. 28, 1951, 16 F. R. 8789.

SECTION 1. What this order does.

(a) This order regulates the delivery of metalworking machines. It requires all producers to schedule their deliveries in accordance with the provisions of this order.

(b) Persons seeking ratings for metalworking machines are referred to NPA Order M-41A, which sets forth certain eligibility standards for ratings.

SEC. 2. Definitions. As used in this order:

(a) "Metalworking machine" means any new, nonportable, power-driven item of plant equipment which is listed on Exhibit A, appearing at the end of this order and has a producer's list price for the basic machine itself of \$350 or more. The producer's list price for the basic machine itself means the sale price at which the producer's catalog or other price publication lists the basic machine, exclusive of the motor, motor drive, or any attachments therefor, unless the motor, motor drive, or attachments are initially built into the basic machine itself, as an integral part thereof, in which case the producer's list price for the basic machine shall be the sale price at which the producer lists the machine as an assembled unit. The term "metalworking machine" includes all fixtures, equipment, and tooling covered by the original purchase order which are required to be delivered with the basic machine to make it usable in production for the purposes intended. It does not include replacements, spare parts or equipment, or extra tooling.

(b) "Producer" means any person engaged in the manufacture and production of metalworking machines.

(c) "Service group" means a subdivision of the Department of Defense as identified in Exhibit B which is classified "Restricted" and will be furnished to producers.

(d) "Service purchasers" means those persons whose purchase orders for metalworking machines call for delivery to a service group, or to one of such group's prime contractors, or to a subcontractor of such a prime contractor. However, no such purchaser shall be considered a service purchaser unless his order is accompanied by a DO rating in accordance with existing regulations.

(e) "Other purchasers" means all purchasers other than service purchasers, whether or not a DO rating has been assigned to their purchase orders.

(f) "Size" includes all of those dimensions or variations of a particular type of metalworking machine which can be used interchangeably for production purposes. Size classification shall be that used by each producer on the effective date of this order, unless he is hereinafter authorized to use a different classification. Producers may apply for such permission by letter to the National Production Authority (hereinafter called "NPA").

(g) "Firm order" means an order which is accompanied by specification or other description of a metalworking machine in sufficient detail to enable a producer to place such machine in his production schedule.

(h) "Person" means any individual, corporation, partnership, association, or any other organized group of persons, and includes any agency of the United States Government or of any other government.

(i) "Base period" means the period commencing January 1, 1950, and ending June 30, 1950.

(j) "Base dollar amount" means the total dollar amount of shipments of metalworking machines by a producer during the base period divided by 6 and multiplied by 70 percent.

(k) "GSA" means the United States Government agency known as the General Services Administration, created under the Federal Property and Administrative Services Act of 1949 (63 Stat. 377); or such other Federal agency to which the Defense Materials Procurement Agency may hereafter redelegate the functions specified or described in section 12 of this order under E. O. 10281 (16 F. R. 8789), and the Defense Production Act of 1950, as amended (64 Stat. 798, as amended; 50 U. S. C. App. Sup. 2061-2166); or the Defense Materials Procurement Agency if said agency does not redelegate such functions.

SEC. 3. Limitations on deliveries and acceptance of orders. (a) No producer shall accept purchase orders that are not rated calling for delivery prior to February 1, 1952, of any metalworking machines.

(b) Commencing with the month of February 1952, and in each succeeding month thereafter, no producer shall deliver any metalworking machine against a purchase order that is not rated, unless (1) the dollar amount of shipments of metalworking machines scheduled by him for shipment on rated orders in that month is lower than his base dollar amount, or (2) unless permitted by NPA under the provisions of section 13 of this order. In any case where the scheduled shipments on rated orders are below the base dollar amount, a producer may schedule shipments of metalworking machines on unrated orders up to his base dollar amount. This provision is subject to the exception set forth in section 12 of this order.

SEC. 4. Allocation of deliveries to service and other purchasers. (a) Starting April 1, 1951, and on the first of

each succeeding month, each producer shall schedule his deliveries of each size of metalworking machines in accordance with the provisions of this section for the fourth ensuing month (hereinafter in section 9 of this order being referred to for convenience as the "delivery month"—for example, deliveries for the month of July would be scheduled on April 1st, and July would be the "delivery month").

(b) If a producer may deliver any metalworking machine against a purchase order that is not rated pursuant to section 3 (b) of this order, then he shall arrange his schedule so as to fill all rated orders requiring deliveries in the month being scheduled in preference to any unrated orders.

(c) If a producer can fill from his production all rated orders requiring delivery in the month being scheduled, then he shall arrange his schedule so as to fill all such rated orders.

(d) If a producer cannot fill from his production all rated orders requiring delivery in the month being scheduled, then he shall arrange his schedule of deliveries as follows:

(1) To the extent that a producer has rated orders on hand from service purchasers requiring delivery in the month being scheduled of less than 70 percent of his production of any size in that month, he shall arrange his schedule so as to fill all rated orders for that size requiring delivery to service purchasers in that month, and schedule the balance so as to fill rated orders from other purchasers.

(2) To the extent that a producer has rated orders on hand from service purchasers requiring delivery in the month being scheduled of more than 70 percent of his production of any size in that month, he shall arrange his schedule so as to fill rated orders for that size to service purchasers equivalent to 70 percent of his production of that size, and shall schedule so much of the balance as may be necessary to fill rated orders on hand from other purchasers requiring delivery in the month being scheduled and thereafter, if any balance still remains, he shall schedule additional rated orders from service purchasers.

SEC. 5. Distribution of production among service purchasers. Each producer shall schedule deliveries among the several service groups as follows:

(a) Exhibit B is a percentage allocation schedule. It specifies a percentage of total monthly production of each type of the category of metalworking machine which is listed in Exhibit A of this order and which is to be scheduled for delivery each month to each service group. Such specified percentage to each service group for the purposes of this order is called a "service quota." Exhibit B is classified "Restricted" and will be furnished to producers.

(b) Each month each producer shall schedule for delivery to each service group the number of metalworking machines of each size and type equal to that group's service quota for that month. No producer shall schedule delivery of any metalworking machine earlier than the date on which the purchaser's order

requires delivery unless all required delivery dates on other orders are being met. No order shall be scheduled unless it is a firm order and accompanied by the information required by section 7 of this order.

(c) If a producer does not have on hand, at the time he schedules his monthly deliveries pursuant to section 4 of this order, enough firm orders from one or more service groups equal to the service quota of any such service group for a size of a given type of metalworking machine, the unscheduled balance of the service quota or quotas shall be used to schedule for delivery during that month rated orders, exceeding the service quota, received from other service groups for that size and type of metalworking machine which cannot be scheduled within the latter's quota. Each producer shall distribute this unscheduled service quota balance for any such metalworking machine among other service groups as follows:

(1) He shall figure the number of rated orders on his books for that size and type of metalworking machine from each service group as of the time he schedules his monthly deliveries pursuant to section 4, or, at the producer's option, the nearest date within 10 days thereof on which he may have compiled his record of orders. Only rated orders which require delivery in the month being scheduled or which could not be filled in a previous month shall be counted. From the number thus figured he shall deduct the number of metalworking machines which each such service group is entitled to receive under its service quota. The resulting balance shall be termed the net backlog of each such service group.

(2) He shall then distribute the total unscheduled rated orders for that size and type of metalworking machine among the service groups showing a net backlog for the month being scheduled, in the ratio which such service group's net backlog for that month bears to the total net backlog of all service groups. (An example of the calculations required by this paragraph is contained in Exhibit C of this order).

(d) In preparing his schedule of deliveries for a given month, each producer shall fix the dates of the deliveries to the different service groups so that each will receive its percentage of metalworking machines equitably in point of time within the month.

(e) If, under paragraphs (c) or (d) (2) of section 4 of this order, a producer is required to schedule more than 70 percent of his production for service purchasers, he shall distribute the excess over 70 percent among the various service groups in the same manner provided for unscheduled quota balances in paragraph (c) of this section.

Sec. 6. Treatment of fractions. Where the number of metalworking machines which results from any computation required by this order contains a fraction of more than one-half, the fraction shall be counted as a whole metalworking ma-

chine. A fraction under one-half shall be disregarded, except that where the computation results in a fraction only (less than one whole metalworking machine) for any one month and such fraction is less than one-half, it shall be counted in computing the next month's service quota. Where each of the computations of two or more different service quotas for the same month shows a fraction of one-half, and there is only one remaining metalworking machine to which such fractions can apply, such metalworking machine shall be allotted to the service group having the largest service quota, and the other fractions of one-half shall be disregarded for that month, but shall be counted in computing the other service quota or quotas for the next month.

Sec. 7. Additional information to be furnished with rated purchase orders. In applying or extending a rating to an order for a metalworking machine, (a) any service purchaser must indicate the service group which placed or sponsored the prime or subcontract for which the metalworking machine being purchased is to be used, and the required delivery date thereof, and (b) any other purchaser must indicate the claimant agency, if any, which placed or sponsored the prime or subcontract for which the metalworking machine being purchased is to be used and the required delivery date thereof.

Sec. 8. Changes and amendments. Notwithstanding any other provision of this order, NPA may amend this order and any of its exhibits, may direct or change any schedule of production or delivery of metalworking machines, allocate any order for metalworking machines from one producer to another producer, and divert or otherwise direct the delivery of any metalworking machine from one person to another person.

Sec. 9. Frozen period. No rated order, which may be received by a producer within the 3-month period immediately preceding any delivery month as defined in section 4 of this order, shall operate to postpone, advance, or in any way affect or change the delivery of any metalworking machines which have been scheduled for delivery during such delivery month.

Sec. 10. Effect of this order on NPA Reg. 2. To the extent that this order is in conflict with NPA Reg. 2, the provisions of this order shall control. In all other respects, Reg. 2 shall continue in full force and effect.

Sec. 11. Replacement parts. CMP Regulation No. 5 as now effective or as hereafter amended, or any other NPA order or regulation concerning maintenance, repair, and replacement items, shall control with respect to the delivery by a producer of repair and replacement parts, irrespective of any provisions contained in this order.

Sec. 12. Pool orders. NPA will from time to time furnish GSA with recommendations for ordering metalworking

machines. Under a working arrangement between GSA and NPA, GSA will place firm orders (herein sometimes called "pool orders") with producers of metalworking machines in accordance with such recommendations. The pool orders so placed by GSA will contain, among other provisions, a provision requiring any producer, on or after the date therein specified, to eliminate items from any such order to the extent that equivalent items manufactured by such producer are invoiced or shipped (whichever is earlier) by such producer to others pursuant to purchase orders from others or to orders and directions of NPA. A producer may accept pool orders from GSA notwithstanding the provisions of section 3 (a) of this order, and a producer may deliver metalworking machines against pool orders notwithstanding the provisions of section 3 (b) of this order.

Sec. 13. Applications for adjustment or exception. Any person affected by any provision of this order may file a request for adjustment or exception upon the ground that such provision works an undue or exceptional hardship upon him not suffered generally by others in the same trade or industry or that its enforcement against him would not be in the interest of the national defense or in the public interest. In examining requests for adjustment claiming that the public interest is prejudiced by the application of any provision of this order, consideration will be given to the requirements of the public health and safety, civilian defense, and dislocation of labor and resulting unemployment that would impair the defense program. Each request shall be in writing and shall set forth all pertinent facts and the nature of the relief sought, and shall state the justification therefor.

Sec. 14. Records and reports. (a) Each person participating in any transaction covered by this order shall retain in his possession for at least 2 years records of receipts, deliveries, inventories, and use, in sufficient detail to permit an audit that determines for each transaction that the provisions of this order have been met. This does not specify any particular accounting method and does not require alteration of the system of records customarily maintained, provided such records supply an adequate basis for audit. Records may be retained in the form of microfilm or other photographic copies instead of the originals.

(b) All records required by this order shall be made available at the usual place of business where maintained for inspection and audit by duly authorized representatives of NPA.

(c) Persons subject to this order shall make such records and submit such reports to NPA as it shall require, subject to the terms of the Federal Reports Act of 1942 (5 U. S. C. 139-139F).

Sec. 15. Communications. All communications concerning this order shall be addressed to the National Production Authority, Washington 25, D. C. Ref: M-41.

SEC. 16. Violations. Any person who wilfully violates any provision of this order or any other order or regulation of NPA or who wilfully conceals a material fact or furnishes false information in the course of operation under this order is guilty of a crime and, upon conviction, may be punished by fine or imprisonment or both. In addition, administrative action may be taken against any such person to suspend his privilege of making or receiving further deliveries of materials or of using facilities under priority or allocation control and to deprive him of further priorities assistance.

NOTE: All reporting and record-keeping requirements of this order have been approved by the Bureau of the Budget in accordance with the Federal Reports Act.

This order shall take effect on November 8, 1951.

NATIONAL PRODUCTION
AUTHORITY,
By JOHN B. OLVERSON,
Recording Secretary.

EXHIBIT A OF NPA ORDER M-41

All types of the following classifications are included herewith for regulation under this order based on past procurement ex-

perience. Additions shall be made as new and changed requirements are developed:

Ammunition machinery.	Levelers.
Balancing machines.	Marking machines.
Beading machines.	Measuring and testing machines.
Boring machines.	Milling machines.
Brakes.	Nibbling machines.
Broaching machines.	Oil-grooving machines.
Buffing machines.	Pipe flanging—expanding machines.
Centering machines.	Planers.
Chamfering machines.	Polishing and buffing machines.
Cut-off machines.	Presses.
Die-sinking machines.	Profiling machines.
Drilling machines.	Punching machines.
Duplicating machines.	Reaming machines.
Extruding machines.	Rifle and gun working machines.
Filing machines.	Riveting machines.
Forging machines.	Rolling machines.
Forging rolls.	Sawing machines.
Gear-cutting machines.	Screw and bar machines.
Gear-finishing machines.	Shapers.
Grinding machines.	Swagers.
Hammers.	Tapping machines.
Headers.	Threading machines.
Key-seating machines.	Upsetters.
Lapping machines.	Shearing machines.
Lathes.	Slotters.

EXHIBIT B OF NPA ORDER M-41 (See section 2 (c))

EXHIBIT C OF NPA ORDER M-41

ILLUSTRATION OF SECTION 5 (C) (2)

Producers Unscheduled Balance

15 Machines

	Ord-nance	Army less Ord-nance	Bureau of Ord-nance	Bureau of Ships	Miscellaneous Bureaus & Offices	Bureau of Aeronautics	Air Forces	Total service
Net backlog.....	10	1	0	6	0	0	12	29
Fractional proportion of.....	10	1	0	6	0	0	12	29
Net backlog.....	29	29	29	29	29	29	29	29
Distribution of unscheduled balance, i. e., number of machines to be added to group's regular quota for August.....	5	1	0	3	0	0	6	15

[F. R. Doc. 51-13626; Filed, Nov. 8, 1951; 11:44 a. m.]

[NPA Order M-41A]

M-41A—METALWORKING MACHINES—LIMITATIONS OF APPLICATIONS FOR RATINGS

This order is found necessary and appropriate to promote the national defense and is issued pursuant to the authority of the Defense Production Act of 1950, as amended. In the formulation of this order, there has been consultation with industry representatives, including trade association representatives, and consideration has been given to their recommendations.

Sec.

1. What this order does.
2. Definitions.
3. Limitations on applications for ratings.
4. Applications for ratings.
5. Effect on delegations, regulations, and orders.
6. Records and reports.
7. Applications for adjustment or exception.
8. Communications.
9. Violations.

AUTHORITY: Sections 1 to 9 issued under sec. 704, 64 Stat. 816, Pub. Law 96, 82d Cong., 50 U.S.C. App. Sup. 2154. Interpret or apply sec. 101, 64 Stat. 799, Pub. Law 96, 82d Cong.; 50 U.S.C. App. Sup. 2071; sec. 101, E.O. 10161,

Sept. 9, 1950, 15 F.R. 6105, 3 CFR, 1950 Supp.; sec. 2, E.O. 10200, Jan. 3, 1951, 16 F.R. 61; secs. 402, 405, E.O. 10281, Aug. 28, 1951, 16 F.R. 8789.

SECTION 1. What this order does. This order sets out certain conditions under which a person who uses controlled materials in the production of a Class B product, as defined in section 2 (k) of CMP Regulation No. 1, is eligible to apply to NPA for ratings for metalworking machines, and outlines in general how such ratings are obtainable. It does not affect NPA delegations or actions thereunder by delegate agencies, or other NPA orders or regulations.

SEC. 2. Definitions. As used in this order:

(a) "Metalworking machine" means any new, nonportable, power-driven item of plant equipment which is listed on Exhibit A of this order and has a producer's list price for the basic machine itself of \$350 or more. The producer's list price for the basic machine itself means the sale price at which the producer's catalog or other price publication lists the basic machine, exclusive

of the motor, motor drive, or any attachments therefor, unless the motor, motor drive, or attachments are initially built into the basic machine itself, as an integral part thereof, in which case the producer's list price for the basic machine shall be the sale price at which the producer lists the machine as an assembled unit. The term "metalworking machine" includes all fixtures, equipment, and tooling which are covered by the original purchase order and which are required to be delivered with the basic machine to make it usable in production for the purposes intended. It does not include replacements, spare parts or equipment, or extra tooling.

(b) "Product" or "Class B product" means one or more of the products listed under the same code in the Official CMP Class B Product List as such list may be from time to time amended.

(c) "Delegate agency" means any United States Government agency to whom has been delegated by NPA the right to assign or apply ratings.

(d) "NPA" means the National Production Authority.

(e) "Person" means any individual, corporation, partnership, association or any other organized group of persons, and includes any agency of the United States Government or of any other government.

SEC. 3. Limitations on applications for ratings. No person who uses controlled materials, as defined in CMP Regulation No. 1, in the production of any Class B product is eligible to obtain a rating for a metalworking machine to be used in the production of such product unless either (a) his shipments of such product for the first calendar quarter of 1951 were lower than his estimated shipments of such product permitted by his authorized production schedule, as defined by CMP Regulation No. 1, for the quarter in which he applies for a rating; or (b) he owns an existing metalworking machine which can no longer be used for production in his plant because of the physical condition of such metalworking machine, and replacement is necessary because other metalworking machines are not available to maintain his estimated shipments for the quarter in which he applies for the rating and thereafter.

SEC. 4. Applications for ratings. If a person who desires a rating is eligible to apply for a rating for a metalworking machine to a delegate agency, or to apply therefor pursuant to any NPA regulation or order other than this order, then he shall apply to the appropriate delegate agency or shall apply under and in accordance with the appropriate NPA regulation or order. If a person who desires a rating is not eligible to apply to a delegate agency or under another NPA regulation or order as provided in the first sentence of this section, and is eligible under section 3 of this order, he shall apply for such rating on Forms NPAF-138 and 138A to the National Production Authority, Washington 25, D. C., Ref: M-41A.

SEC. 5. Effect on delegations, regulations, and orders. This order is not intended to limit applications for ratings

for metalworking machines except as provided in section 3 of this order. Accordingly, nothing in this order shall be construed to limit or supersede any NPA delegation, regulation, or order heretofore or hereafter in effect; or to affect the assigning or applying of a rating pursuant thereto; or to affect the making of applications for a rating by any person eligible therefor to a delegate agency or pursuant to an NPA regulation or order.

SEC. 6. Records and reports. (a) Each person participating in any transaction covered by this order shall retain in his possession for at least 2 years records of receipts, deliveries, inventories, and use, in sufficient detail to permit an audit that determines for each transaction that the provisions of this order have been met. This does not specify any particular accounting method and does not require alteration of the system of records customarily maintained, provided such records supply an adequate basis for audit. Records may be retained in the form of microfilm or other photographic copies instead of the originals by those persons who have maintained or may maintain such microfilm or other photographic records in the regular and usual course of business.

(b) All records required by this order shall be made available at the usual place of business where maintained for inspection and audit by duly authorized representatives of NPA.

(c) Persons subject to this order shall make such records and submit such reports to NPA as it shall require, subject to the terms of the Federal Reports Act of 1942 (5 U. S. C. 139-139F).

SEC. 7. Applications for adjustment or exception. Any person affected by any provision of this order may file with NPA a request for adjustment or exception upon the ground that such provision works an undue or exceptional hardship upon him not suffered generally by others in the same trade or industry or that its enforcement against him would not be in the interest of the national defense or in the public interest. In examining requests for adjustment which claim that the public interest is prejudiced by the application of any provision of this order, consideration will be given to the requirements of public health and safety, civilian defense, and dislocation of labor and resulting unemployment that would impair the defense program. Each such request shall be in writing and shall set forth all pertinent facts, the nature of the relief sought, and the justification therefor.

SEC. 8. Communications. All communications, except as provided in section 4 of this order, concerning this order shall be addressed to the National Production Authority, Washington 25, D. C., Ref: M-41A.

SEC. 9. Violations. Any person who willfully violates any provision of this order or any other order or regulation of NPA, or who willfully conceals a material fact or furnishes false information in the course of operation under this order

is guilty of a crime and, upon conviction, may be punished by fine or imprisonment or both. In addition, administrative action may be taken against any such person to suspend his privilege of making or receiving further deliveries of materials or of using facilities under priority or allocation control, and to deprive him of further priorities assistance.

NOTE: All reporting and record-keeping requirements of this order have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

This order shall take effect on November 8, 1951.

NATIONAL PRODUCTION
AUTHORITY,
By JOHN B. OLVERSON,
Recording Secretary.

EXHIBIT A OF NPA ORDER M-41A

All types of the following classifications are included herewith for regulation under this order based on past procurement experience. Additions shall be made as new and changed requirements are developed:

Ammunition machinery.	Levelers.
Balancing machines.	Marking machines.
Beading machines.	Measuring and testing machines.
Boring machines.	Milling machines.
Brakes.	Nibbling machines.
Broaching machines.	Oil grooving machines.
Buffing machines.	Pipe flanging-expanding machines.
Centering machines.	Planers.
Chamfering machines.	Polishing and buffing machines.
Cut-off machines.	Presses.
Die sinking machines.	Profiling machines.
Drilling machines.	Punching machines.
Duplicating machines.	Reaming machines.
Extruding machines.	Rifle and gun working machines.
Filing machines.	Riveting machines.
Forging machines.	Rolling machines.
Forging rolls.	Sawing machines.
Gear cutting machines.	Screw and bar machines.
Gear finishing machines.	Shapers.
Grinding machines.	Swagers.
Hammers.	Tapping machines.
Headers.	Threading machines.
Key seating machines.	Upsetters.
Lapping machines.	Shearing machines.
Lathes.	Slotters.

[F. R. Doc. 51-13627; Filed, Nov. 8, 1951; 11:45 a. m.]

[NPA Order M-40—Revocation]

M-40—METALWORKING MACHINES—POOL ORDERS

NPA Order M-40 is hereby revoked.

This revocation does not relieve any person of any obligation or liability incurred under NPA Order M-40, nor deprive any person of any rights received or accrued under said order prior to the effective date of this revocation.

The provisions of NPA Order M-40 relating to the procedure for placement of pool orders have been incorporated in NPA Order M-41 by amendment issued simultaneously with this revocation.

(Sec. 704, 64 Stat. 816, Pub. Law 96, 82d Cong.; 50 U. S. C. App. Sup. 2154)

This revocation is effective November 8, 1951.

NATIONAL PRODUCTION
AUTHORITY,
By JOHN B. OLVERSON,
Recording Secretary.

[F. R. Doc. 51-13625, Filed, Nov. 8, 1951; 11:44 a. m.]

[NPA Order M-80, Schedule 5 as Amended Nov. 8, 1951]

M-80—IRON AND STEEL—ALLOYING MATERIALS AND ALLOY PRODUCTS

SCHEDULE 5—COLUMBIUM AND TANTALUM

This schedule, as amended, is found necessary and appropriate to promote the national defense and is issued pursuant to the authority of section 101 of the Defense Production Act of 1950, as amended. In the formulation of this amended schedule, there has been consultation with industry representatives, including trade association representatives, and consideration has been given to their recommendations. This amended schedule is issued under NPA Order M-80, and is made a part of that order.

NPA Order M-80, Schedule 5 is hereby amended to permit the use of columbium- or columbium-tantalum-bearing steels in the manufacture of Class B products which are for delivery to the Department of Defense or the Atomic Energy Commission. Section 6 is appropriately revised to accomplish this end. Paragraphs (b) and (d) of section 8 are also amended by deleting therefrom certain words. As so amended, NPA Order M-80, Schedule 5 reads as follows:

- Sec.
1. Definitions.
 2. Columbium and tantalum subject to allocation.
 3. Applications for allocation.
 4. Exceptions to allocation requirements.
 5. Use of substitutes.
 6. Authorized controlled material orders required.
 7. Restrictions.
 8. Exceptions.
 9. Conservation of scrap.
 10. Communications.

AUTHORITY: Sections 1 to 10 issued under sec. 704, 64 Stat. 816, Pub. Law 96, 82d Cong.; 50 U. S. C. App. Sup. 2154. Interpret or apply sec. 101, 64 Stat. 799, Pub. Law 96, 82d Cong.; 50 U. S. C. App. Sup. 2071; sec. 101, E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.; sec. 2, E. O. 10200, Jan. 3, 1951, 16 F. R. 61; secs. 402, 405, E. O. 10281, Aug. 28, 1951, 16 F. R. 8789.

SECTION 1. Definitions. All definitions contained in NPA Order M-80, including the definition of columbium and tantalum contained in List I of that order, are applicable to this schedule. "Columbium and tantalum" mean ferro-columbium and ferro-columbium tantalum.

SEC. 2. Columbium and tantalum subject to allocation. Columbium and tantalum are subject to complete allocation.

SEC. 3. Applications for allocation. Section 10 of NPA Order M-80 forbids

deliveries or use of an alloying material made subject to complete allocation, except in accordance with an allocation authorization. Applications for an allocation authorization for deliveries may be made on or before the seventh day of any month for delivery in the succeeding month on Form NPAF-114.

SEC. 4. Exceptions to allocation requirements. The provisions of sections 2 and 3 of this schedule shall not apply to:

(a) Deliveries to any person whose total receipts from all sources during any calendar month are not thereby made to exceed 10 pounds of columbium and tantalum, and who delivers a signed certification to his supplier as follows:

The undersigned, subject to statutory penalties, certifies that acceptance of deliveries and use by the undersigned of the columbium and tantalum herein ordered will not be in violation of NPA Order M-80 or of Schedule 5 of that order.

This certification constitutes a representation by the purchaser to the seller and to NPA that delivery of the columbium and tantalum ordered may be accepted by the purchaser under NPA Order M-80 and this schedule, and that such columbium and tantalum will not be used by the purchaser in violation of that order or this schedule.

(b) Deliveries of pure metal columbium and tantalum in any amount.

(c) Deliveries of columbium- and tantalum-bearing scrap or columbium- and tantalum-bearing ores and concentrates: *Provided*, That the use of such columbium and tantalum ores and concentrates shall be subject to sections 2 and 3 of this schedule when used as a source of columbium and tantalum in commercial melting, manufacture, or processing.

SEC. 5. Use of substitutes. No columbium-bearing steel shall be used or incorporated in any product or material if columbium-tantalum-bearing steel will meet the requirements for the use to be made of the product or material.

SEC. 6. Authorized controlled material orders required. Except as may be otherwise directed by NPA, columbium- or columbium-tantalum-bearing steels shall be produced, sold, delivered, or purchased only pursuant to authorized controlled material orders placed by the Department of Defense, the Atomic Energy Commission, or manufacturers of Class A and/or Class B products which are to be made, in whole or in part, of columbium- or columbium-tantalum-bearing steels, and required by Department of Defense or Atomic Energy Commission programs. Authorized controlled material orders for columbium- or columbium-tantalum-bearing steels in support of the Aircraft Program of the Department of Defense shall be valid for deliveries only when supported by a certification that delivery of the quantity specified as and when ordered has been approved and authorized by the Aircraft Production Resources Agency. Such certification shall be as follows:

Certified as approved by APRA

Such certification shall constitute a representation by the purchaser to the supplier and to NPA that the purchaser has been duly authorized by the Aircraft Production Resources Agency to accept delivery of such steel, and is entitled to accept such delivery as permitted in this schedule. The certification required by this section shall be in addition to the certification required by NPA Reg. 2. This limitation shall not apply to those items of finished steel mill products which cannot be converted into other steel mill products and which were physically held in inventory prior to February 28, 1951.

SEC. 7. Restrictions. Subject to the exceptions of section 8 of this schedule, no person, in the production of any columbium- or columbium-tantalum-bearing steels, shall use more columbium or columbium-tantalum than is reasonably required to assure a ratio between columbium or columbium-tantalum and carbon in such steels greater than 8 to 1 as a minimum: *Provided, however*, That in cases where the material specifications require corrosion testing of sensitized specimens, no person shall use more columbium or columbium-tantalum in such steel products than is reasonably required to assure that such steels meet the specific requirements with respect to corrosion testing: *And provided further*, That when practical melting schedules appropriate to achieve maximum production necessitate the inclusion in single heat lots of steels requiring corrosion testing with steels not requiring such testing, such amount of columbium or columbium-tantalum may be used as will assure steels which will meet the highest corrosion testing requirements of any such steels included in any such single heat lot.

SEC. 8. Exceptions. (a) This schedule shall not prohibit the completion of the production and the delivery of materials or products containing columbium or tantalum in any form ordered and accepted prior to April 6, 1951, which, by reason of the condition or nature of the materials or products, cannot, without excessive loss of yield, be used in connection with authorized controlled material orders; nor shall it prohibit the use, in filling authorized controlled material orders, of columbium- or columbium-tantalum-bearing steel held on or before April 6, 1951, in the inventory of a producer or fabricator of steel products.

(b) The restrictions of section 7 of this schedule shall not apply to the production of welding rods.

(c) The restrictions of section 7 of this schedule shall not apply in the power generating or chemical industries to welding electrodes or high temperature applications.

(d) Any authorized controlled material order for columbium- or columbium-tantalum-bearing steels, authorized by the Aircraft Production Resources Agency pursuant to section 6 of this schedule, is exempt from the restrictions of section 7 of this schedule to the extent required by the specifications contained in such APRA authorization.

SEC. 9. Conservation of scrap. No person shall dispose of or accept any scrap containing commercially recoverable columbium and tantalum which is fit for remelting, except for use in the melting or processing of products in which columbium and tantalum is required.

SEC. 10. Communications. All communications concerning this schedule shall be addressed to the National Production Authority, Washington 25, D. C., Ref: M-80, Schedule 5.

This schedule as amended shall take effect on November 8, 1951.

NATIONAL PRODUCTION
AUTHORITY,
By JOHN B. OLVERSON,
Recording Secretary.

[F. R. Doc. 51-13628; Filed, Nov. 8, 1951;
11:45 a. m.]

[NPA Notice 1, as Amended November 7, 1951]

DESIGNATION OF SCARCE MATERIALS; AND
WITHDRAWAL OF CERTAIN MATERIALS
FROM PREVIOUS DESIGNATION AS SCARCE

Correction

In F. R. Doc. 51-13552, appearing at page 11341 of the issue for Thursday, November 8, 1951, the authority citation should read as follows:

AUTHORITY: Sections 1 to 7 issued under sec. 102, 64 Stat. 799, Pub. Law 96, 82d Cong.

Chapter XXI—Office of Rent Stabilization, Economic Stabilization Agency

[Rent Regulation 3, Amendment 3]

RR 3—HOTEL REGULATION

NOTICE REQUIRED

Amendment 3 to Rent Regulation 3—Hotel Regulation. Said regulation is amended in the following respect:

The last sentence of section 101 is amended to read as follows: "Every such notice shall give to the tenant a period not less than the following periods prior to the date specified therein for the surrender of possession and to the commencement of any action for removal or eviction: In cases arising under sections 96 to 98, inclusive, a period not less than 10 days; and in cases where the basis relied upon in such notice for removal or eviction is non-payment of rent, a period not less than three days."

(Sec. 204, 61 Stat. 197, as amended; 50 U. S. C. App. Sup. 1894)

This amendment shall be effective November 9, 1951.

Issued this 6th day of November 1951.

JOHN J. MADIGAN,
Acting Director of
Rent Stabilization.

[F. R. Doc. 51-13535; Filed, Nov. 8, 1951;
8:56 a. m.]

[Rent Regulation 3, Amendment 10 to]
Schedule A]

RR. 3—HOTEL REGULATION

SCHEDULE A—DEFENSE RENTAL AREA ILLINOIS AND SOUTH CAROLINA

Amendment 10 to Schedule A of Rent Regulation 3—Hotel Regulation. Said regulation is amended in the following respects:

1. Schedule A, Item 89, is amended to read as follows:

(89) [Revoked and decontrolled.]

This decontrols from Rent Regulation 3—Hotel Regulation, the entire Quad-Cities Defense-Rental Area on the initiative of the Director of Rent Stabilization in accordance with section 204 (c) of the Housing and Rent Act of 1947, as amended.

2. Schedule A, Item 276a, is amended to read as follows:

(276a) [Revoked and decontrolled.]

This decontrols from Rent Regulation 3—Hotel Regulation, the entire Aiken Defense-Rental Area on the initiative of the Director of Rent Stabilization in accordance with section 204 (c) of the Housing and Rent Act of 1947, as amended.

(Sec. 204, 61 Stat. 197, as amended; 50 U. S. C. App. Sup. 1894)

This amendment shall be effective November 9, 1951.

Issued this 6th day of November 1951.

JOHN J. MADIGAN,
Acting Director of
Rent Stabilization.

[F. R. Doc. 51-13536; Filed, Nov. 8, 1951;
8:56 a. m.]

TITLE 38—PENSIONS, BONUSES, AND VETERANS' RELIEF

Chapter I—Veterans' Administration

PART 3—VETERANS CLAIMS

INSTRUCTIONS RELATING TO DISABILITY COM- PENSATION AND PENSION; PROVISIONAL REGULATIONS

In § 3.1511, paragraph (c) is amended as follows:

§ 3.1511 *Instructions relating to disability compensation and pension accorded veterans under Public Law 28, 82d Congress.* * * *

(c) Public Law 170, 82d Congress, approved October 11, 1951, amends Public Law 894, 81st Congress, to require only that the disability referred to in the last cited law be one for which compensation is payable under Part I, Veterans Regulation 1 (a), as amended (38 U. S. C. ch. 12), in lieu of the former requirement of being compensable under subparagraph I (c), Part II, Veterans Regulation 1 (a), as amended (§ 3.67). (Instruction No. 1-A, Public Law 28, 82d Congress.)

(Sec. 5, 43 Stat. 608, as amended, sec. 2, 46 Stat. 1016, sec. 7, 48 Stat. 9; 38 U. S. C. 11a, 426, 707)

This regulation is effective November 9, 1951.

[SEAL]

O. W. CLARK,
Deputy Administrator.

[F. R. Doc. 51-13523; Filed, Nov. 8, 1951;
8:53 a. m.]

PART 3—VETERANS CLAIMS

PART 4—DEPENDENTS AND BENEFICIARIES CLAIMS

MILITARY AND NAVAL RETIREMENT PAY; WORLD WAR I

1. In Part 3, § 3.300 is amended to read as follows:

§ 3.300 *Military and naval retirement pay.* Under existing law, the only prohibitions against receipt of pension, compensation, emergency officers or regular retirement pay by a veteran on account of his own service are: (a) That not more than one award of such benefits shall be made concurrently, and (b) that such benefits shall not be paid while the person is in receipt of active-service pay. (See § 3.296.) Therefore, an officer or enlisted man entitled to retirement with pay (retainer pay is in the nature of reduced retirement pay) who is also entitled to compensation or pension, may elect which of the benefits he desires to receive. Such election does not bar him from making a subsequent election of the other benefit to which he is entitled. The provisions of section 212, Public No. 212, 72d Congress, as amended, do not apply to compensation or pension, and do not in any way preclude such election. In initial elections this interpretation may be applied retroactively if the claimant was not advised of his rights of election and the effect thereof, but in no event prior to July 13, 1943. Moreover, any member of the Armed Forces in receipt of retirement pay because of physical disability or retired member of the regular establishment retired on account of age or length of service, may, by filing with the department by which such retired pay is paid a waiver of a part of such retired pay equal in amount to the pension or compensation to which he is otherwise entitled, receive such pension or compensation concurrently with the balance of his retired pay. (Public Law 314, 78th Cong.) However, such a retired person, who on the day of his retirement elected under section 212, Public No. 212, 72d Congress, to take the salary of his civilian office rather than the retired pay to which he would have been entitled but for his appointment to the civilian office, may not receive pension or compensation under Public Law 314, 78th Congress. (See Veterans' Administration adjudication procedures.)

(Sec. 5, 43 Stat. 608, as amended, sec. 2, 46 Stat. 1016, sec. 7, 48 Stat. 9; U. S. C. 11a, 426, 707. Interpret or apply sec. 15, 57 Stat. 559, 58 Stat. 230; 38 U. S. C. 26c, ch. 12 note)

2. In Part 4, § 4.14 (c) is amended to read as follows:

§ 4.14 *World War I.* For the purpose of adjudicating claims for death pension

or compensation under any law granting such benefits to dependents of deceased World War I veterans, the following definitions of relationship shall govern:

(c) *Child.* The term "child" shall mean a person unmarried and under the age of eighteen years, unless prior to reaching the age of eighteen the child becomes or has become permanently incapable of self-support by reason of mental or physical defect, who is a legitimate child, a child legally adopted, a stepchild, provided such child was unmarried and under the age of eighteen years at the time the relationship arose—including an illegitimate child of the spouse of a veteran—if the child was a member of the veteran's household at the time of his death, an illegitimate child, but as to the father, only

(1) If acknowledged in writing signed by him, or

(2) If he has been judicially ordered or decreed to contribute to such child's support, or

(3) If he has been prior to date of death of the veteran, judicially decreed to be the putative father of such child, or

(4) If he is otherwise shown by evidence satisfactory to the Administrator of Veterans' Affairs to be the putative father of such child; as to mother proof of birth is all that is required: *Provided*, That the payment of pension or compensation shall be continued after the age of eighteen years and until completion of education or training (but not after such child reaches the age of twenty-one years) to any child who is or may hereafter be pursuing a course of instruction at a school, college, academy, seminary, technical institute, or university particularly designated by him and approved by the Administrator, which shall have agreed to report to the Administrator the termination of attendance of such child, and if any such institution of learning fails to make such report promptly the approval shall be withdrawn. (Secs. 1 and 7, Pub. Law 144, 78th Cong.)

(Sec. 5, 43 Stat. 608, as amended, sec. 2, 46 Stat. 1016, sec. 7, 48 Stat. 9; 38 U. S. C. 11a, 426, 707)

This regulation is effective November 9, 1951.

[SEAL]

O. W. CLARK,
Deputy Administrator.

[F. R. Doc. 51-13524; Filed, Nov. 8, 1951;
8:53 a. m.]

PART 21—VOCATIONAL REHABILITATION AND EDUCATION

SUBPART B—EDUCATION AND TRAINING

MISCELLANEOUS AMENDMENTS

1. In § 21.202, paragraphs (b) (2), (c), (d), and (e) (3) are amended to read as follows:

§ 21.202 *Devotion of full time to training.* * * *

(b) * * *

(2) The assigned medical consultant determines that the veteran is able to

devote at least 4 hours per day, 5 days per week, to training exclusive of time, if any, required to travel to and from the place of training and that there is reasonable promise that during training the veteran's work tolerance will increase steadily to such extent that he will be able to pursue training on a full-time basis and the chief, education and training section, determines that considering the determination of the assigned medical consultant there is reasonable assurance that the veteran will attain the selected employment objective within the statutory period of 48 months or within a period exceeding 48 months where authorized by Central Office: *Provided*, That the individual training program will be so developed that it will require the veteran to devote to his training that amount of time which was determined by the assigned medical consultant to be the maximum time which the veteran currently can devote to training (in the case of a school course this will include any normal time required for preparation outside the school).

(c) In the case of each veteran placed into reduced-time training under paragraph (b) (1) or (2) of this section, there will be prepared and placed in the veteran's training subfolder a statement showing under which of these two subparagraphs reduced-time training was authorized and giving the facts upon which the determination to place the veteran into training was made.

(d) Until a veteran placed into training under paragraph (b) (2) of this section is pursuing training on a full-time basis, at the end of each 90-day period (or at the end of each term or semester if the veteran is pursuing a school course conducted on a term or semester basis), the chief, education and training section:

(1) Will obtain medical determination as to the veteran's current work tolerance, and

(2) Will assure himself that all of the conditions set forth in paragraph (b) (2) of this section continue to be met, and

(3) Will effect prompt adjustment in the number of hours devoted by the veteran to training to conform with the current medical determination.

(e) A veteran placed into training under paragraph (b) (2) of this section will be removed from training under that subparagraph at any time that the chief, education and training section, finds that one or more of the following conditions exist:

(3) The veteran will not attain the selected employment objective within 48 months or within a planned period exceeding 48 months where special authorization for such a period was granted by Central Office. In such a case § 21.206 (a) (1) (ii) may not be resorted to for the purpose of continuing the veteran in training on a reduced-time basis under paragraph (b) (2) of this section, except on special authorization from Central Office.

2. In § 21.203a, paragraph (b) is amended to read as follows:

§ 21.203a. *Training establishment not operating full time.* * * *

(b) Any extension of training status beyond 48 months which is authorized because the training establishment is operated on a part-time basis temporarily or was shut-down temporarily will be subject to the provisions of § 21.206 (a) (1) (ii), and any such extension may not exceed that aggregate amount of ordinary and hardship leave which was granted because of such part-time operation or temporary shut-down during the 4-year period during which the veteran was in training status.

3. Section 21.204 is amended to read as follows:

§ 21.204 *Maximum duration of the course.* The maximum duration of a course of vocational rehabilitation under Part VII, Veterans Regulations 1 (a), as amended (38 U. S. C. ch. 12), may not exceed the period necessary to restore employability, nor may the maximum duration of a course under Part VII or under both Part VII and Part VIII exceed a period of 4 years except where it may properly be considered and authorized under conditions set forth in § 21.206. Except for veterans entitled to the benefits of Part VII under Public Law 894, 81st Congress, a veteran may not be placed into or be continued in training under Part VII after July 25, 1956 (9 years after the official termination of World War II). Nor may a veteran, except a veteran entitled to the benefits of Part VII under Public Law 894, 81st Congress, be placed into training under Part VII in a course of training which cannot be completed by July 25, 1956. Where it is determined that a veteran already in training under Part VII, except one eligible to the benefits of that part under Public Law 894, 81st Congress, will not reach employability on or before July 25, 1956, adjustment will be made by revising the veteran's individual training program where practicable to one which can be completed by July 25, 1956, and which will meet the requirements of employability; or, if such cannot be accomplished, by requesting revaluation to another employment objective which will capitalize the training already provided and which can be attained on or before July 25, 1956.

4. In § 21.205, a new paragraph (c) is added as follows:

§ 21.205 *Adjusting the duration of the course.* * * *

(c) In no case will the duration of a veteran's course of vocational rehabilitation be lengthened by a training officer without the approval of the chief of education and training.

5. Section 21.209 is amended to read as follows:

§ 21.209 *Status "training declined".*

(a) A veteran in status "induction pending" who has never been in training under Part VII will be changed to status "training declined" when, after being properly notified that suitable training is available for him and instructed as to the next step he should take:

(1) The veteran fails to respond, or

(2) The veteran declines or refuses induction into training, or

(3) The veteran defers induction into training for a period exceeding 30 days beyond the scheduled date of induction, except where such deferment is due to physical incapacity or other conditions of personal and compelling nature, or

(4) The instruction given the veteran includes notice to report at a designated place and time to commence training, and the veteran fails to report or fails to furnish the Veterans' Administration satisfactory reasons for not reporting, or

(5) The veteran commences or continues to pursue education or training under Part VIII.

(b) The veteran who is changed from status "induction pending" to status "training declined" under paragraph (a) of this section will be informed that the entire question of need for vocational rehabilitation will be reconsidered at such time as he reapplies for induction into training. The veteran should also be informed of the possibility that his disability rating may be reduced to less than compensable degree with attendant loss of entitlement for training, except in those cases where the disability is of such a nature that reduction of the degree of disability to less than 10 percent is very improbable, as for example, amputation of a limb, complete loss of sight, etc.

6. A new § 21.211a is added as follows:

§ 21.211a *Training in a foreign country.* Vocational rehabilitation training under Public Law 16, 78th Congress, as amended, will not be afforded in a foreign country except the Republic of the Philippines, unless adequate training for the selected employment objective is not available in the United States or its possessions and then only if training can be pursued under the direct supervision of a representative of the Veterans' Administration.

7. In § 21.243, paragraphs (d) and (g) are amended to read as follows:

§ 21.243 *Release of and repayment for training supplies.* * * *

(d) In cases which are found to be meritorious as defined in paragraph (f) of this section, even though the veteran is found to be at fault, the veteran will not be required to repay the Veterans' Administration for supplies furnished him at Veterans' Administration expense. Nor will a veteran be required to repay the Veterans' Administration for supplies furnished him at Veterans' Administration expense where the veteran was pursuing his course at a school which recovers nonexpendable supplies from veterans through contractual arrangement with the Veterans' Administration and the veteran returned to the school all the nonexpendable supplies furnished him at Veterans' Administration expense.

(g) Where it is determined that the veteran is at fault and repayment for supplies is not excused under paragraphs (d) and (f) of this section, the veteran will be required to repay the Veterans' Administration for the nonexpendable supplies furnished him at Veterans' Ad-

ministration expense. The amount to be repaid will be the value at which the supplies were issued to the veteran less a percentage equivalent to the percentage of the prescribed course (or term, where applicable in the case of school training) completed. For example, a veteran who has completed one-third of the prescribed course or term for which supplies were furnished will be required to repay two-thirds of the value at which the supplies were issued to the veteran. Under no circumstances will supplies be accepted in lieu of repayment, except as provided in §§ 21.241 (g) and 21.252 (d), and paragraph (d) of this section.

8. Section 21.260 is amended to read as follows:

§ 21.260 *Introduction.* Pursuant to the provisions of paragraph 7, Part VII, Veterans Regulation 1 (a), as amended (38 U. S. C. ch. 12), a veteran who is following a course of vocational rehabilitation under Part VII, Veterans Regulation 1 (a), as amended, may be granted leave of absence where such leave will not materially interfere with the pursuit of his course. Leaves of absence will be approved under the conditions set forth in §§ 21.261 to 21.265. The provisions of § 21.261 do not apply to trainees pursuing courses of institutional on-farm training. The policy governing ordinary leave for trainees in institutional on-farm training is set forth in § 21.261a.

9. In § 21.261, the introduction and paragraph (a) are amended to read as follows:

§ 21.261 *Ordinary leave.* Ordinary leave will accrue at the rate of 2½ days per month during the entire time a veteran is in training status, including that time during which he is on approved leave of absence. Leave will not be accumulated to an account in excess of 30 days. Accumulated leave will not be forfeited through interruption of training status and may be carried over from one period of training to another and from one 12 successive months period of training to another. Similarly, where reentrance into training after rehabilitation or discontinuance is authorized under § 21.286 or 21.288, respectively, unused accumulated ordinary leave may be recredited to the veteran's credit upon reentrance into training.

(a) *Granting of ordinary leave.* Managers are authorized to approve ordinary leave of absence which will not exceed the amount of leave accumulated to the credit of the trainee and which in no case will exceed an aggregate of 30 days in each 12 successive months of training; *Provided*, That the granting of such leave will not, in the opinion of the manager, materially interfere with the pursuit of the prescribed course, *And provided further*, That no ordinary leave will be granted which will require extending the veteran's training beyond 48 months, or further extending the veteran's training beyond 48 months where

training in excess of 48 months already has been authorized under § 21.206.

10. A new § 21.261a is added as follows:

§ 21.261a *Ordinary leave for veterans pursuing institutional on-farm training.* A veteran pursuing a course of institutional on-farm training shall be entitled to that ordinary leave which the institution furnishing the training grants to other students in a similar category but not in excess of 30 days in each 12 successive months of training; *Provided*, That such leave will not materially interfere with the pursuit of the prescribed course.

11. In § 21.262, the introduction and paragraph (b) (1) are amended to read as follows:

§ 21.262 *Additional leave under exceptional circumstances.* Managers are authorized to approve leave of absence in addition to that allowable by §§ 21.261 and 21.261a under the following conditions, provided the manager is reasonably certain that the veteran will return to the pursuit of his course within the period for which the manager is authorized to grant leave.

(b) *Personal hardship.* (1) After all accrued ordinary leave has been exhausted, additional leave, not to exceed 30 days in each 12 successive months of training status beginning with the date of the veteran's entrance into training, may be granted for reasons other than personal illness, when failure to do so would cause personal hardship to the trainee. Satisfactory reasons under this category might include illness or death in the trainee's immediate family or other compelling conditions beyond the veteran's control, which, in the opinion of the manager, make it necessary that the trainee be permitted to absent himself from training. In no case is there authority to grant personal hardship leave to cover periods between ordinary school years.

12. In § 21.282, a new paragraph (f) is added as follows:

§ 21.282 *Status "interrupted".*

(f) The veteran withdraws from training to reenter active military service. In such cases, reentrance into training, if proper under other applicable regulations, will be approved to complete the same course that was interrupted even though the veteran's disability rating has been reduced to less than a compensable degree and provided application for reentrance into training is made within 60 days after discharge from service.

13. In § 21.283, paragraph (a) is amended to read as follows:

§ 21.283 *Status "discontinued".*

(a) A trainee under Part VII, Veterans Regulation 1 (a), as amended, (38 U. S. C. ch. 12), shall be placed in

status "discontinued" when it is clearly determined that any one of the following conditions exists:

(1) When all reasonable efforts have failed to train the veteran to the point of employability.

(2) When it is determined by competent medical examination that a trainee will be absent from training to undergo hospital or home treatment for an indefinite period, and the chief of education and training determines that the trainee will not return to training within a reasonable period of time.

(3) When the trainee fails to cooperate with the Veterans' Administration in making necessary adjustment in his program of vocational rehabilitation including refusal to participate in reevaluation procedure.

(4) When the trainee is found not in need under § 21.711 (b) (2) because of lack of cooperation during reevaluation.

(5) When the trainee fails to avail himself properly of the training provided; or when his misconduct prevents progress toward his employment objective or ultimate placement in employment; or when he willfully violates the regulations of the institution or establishment in which placed for training or his conduct is insubordinate or disorderly at any place of training; or when he voluntarily withdraws from training for reasons other than physical condition or excused interruptions.

(6) When it is established that the determination of eligibility or need for vocational rehabilitation is based on fraud, error of law, confusion of names, or misfiling of papers; or that the trainee never had a service-connected disability; or that fraud was practiced in any application for training or for subsistence allowance.

(Sec. 2, 46 Stat. 1016, sec. 7, 48 Stat. 9, sec. 2, 57 Stat. 43, as amended, sec. 400, 58 Stat. 287, as amended; 38 U. S. C. 11a, 701, 707, ch. 12 note. Interprets or applies secs. 3, 4, 57 Stat. 43, as amended, secs. 300, 1500-1504, 1506, 1507, 58 Stat. 286, 300, as amended; 38 U. S. C. 693g, 697-697d, 697f, g, ch. 12 note)

This regulation effective November 9, 1951.

[SEAL]

O. W. CLARK,
Deputy Administrator.

[F. R. Doc. 51-13522; Filed, Nov. 8, 1951; 8:53 a. m.]

PART 36—SERVICEMEN'S READJUSTMENT ACT OF 1944

SUBPART A—TITLE III, LOAN GUARANTY

CREDIT RESTRICTIONS

1. In § 36.4356, paragraph (f) is amended to read as follows:

§ 36.4356 *Credit restrictions.*

(f) If the loan is related to the purchase, construction, repair, alteration, or improvement of property containing two or more residential units, the down payment and maximum permissible ma-

turity will be determinable in the same manner as though each of the units were being purchased, constructed, repaired, altered, or improved singly; except that the transaction price of each residential unit will be ascertained by dividing the total transaction price by the number of units involved in the purchase, construction, repair, alteration or improvement of the property.

(Sec. 504, 58 Stat. 293, as amended; 38 U. S. C. 694d)

This regulation effective November 9, 1951.

[SEAL]

O. W. CLARK,
Deputy Administrator.

Credit Restrictions Pursuant to the Defense Production Act of 1950, as Amended, on Loans Made or Assisted by the Administrator of Veterans' Affairs

I hereby find that the regulations contained in Title 38, Chapter I, § 36.4356 (f), regulations of the Administrator of Veterans' Affairs, effective concurrently herewith, are issued in accordance with Title VI of the Defense Production Act of 1950 (Public Law 774, 81st Cong.), as amended, and Part V of Executive Order 10161 (15 F. R. 6105). In the formulation of the foregoing, special circumstances, namely the technical nature of this amendment to existing regulations, rendered consultation with industry representatives impracticable and caused such consultation to serve no purpose.

(Title VI, 64 Stat. 812, as amended; 50 U. S. C. App. Sup. 2131-2135. E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.)

Effective as of the 9th day of November 1951.

RAYMOND M. FOLEY,
Administrator.

[F. R. Doc. 51-13506; Filed, Nov. 8, 1951; 8:49 a. m.]

TITLE 49—TRANSPORTATION

Chapter I—Interstate Commerce Commission

PART 120—ANNUAL, SPECIAL OR PERIODICAL REPORTS

ELECTRIC RAILWAY ANNUAL REPORT FORM G

At a session of the Interstate Commerce Commission, Division 1, held at its office in Washington, D. C., on the 30th day of October A. D. 1951.

The matter of Annual Reports from Electric Railway Companies being under consideration:

It is ordered, That the order dated December 12, 1950, in the matter of annual reports from Electric Railways (49 CFR 120.21), be, and it is hereby, modified with respect to annual reports for the year ended December 31, 1951, and subsequent years, as follows:

§ 120.21 *Form prescribed for electric railways.* All electric railway companies subject to the provisions of section 20, Part I of the Interstate Commerce Act, are hereby required to file annual reports for the year ended December 31, 1951, and for each succeeding year until further order, in accordance with Annual Report Form G (Electric Railways), which is hereby approved and made a part of this section.¹ The annual report shall be filed, in duplicate, in the Bureau of Transport Economics and Statistics, Interstate Commerce Commission, Washington, D. C., on or before March 31 of the year following the one to which it relates.

(Sec. 12, 24 Stat. 383, as amended; 49 U. S. C. 20, 913)

NOTE: Budget Bureau No. 60-R102.8.

By the Commission, Division 1.

[SEAL]

W. P. BARTEL,
Secretary.

[F. R. Doc. 51-13517; Filed, Nov. 8, 1951; 8:52 a. m.]

PART 120—ANNUAL, SPECIAL OR PERIODICAL REPORTS

CARRIERS BY PIPELINE ANNUAL REPORT FORM P

At a session of the Interstate Commerce Commission, Division 1, held at its office in Washington, D. C., on the 30th day of October A. D. 1951.

The matter of Annual Reports from Carriers by Pipeline being under consideration:

It is ordered, That the order dated December 1, 1950, in the matter of Annual reports from Carriers by Pipeline (49 CFR 120.61) be, and it is hereby modified with respect to annual reports for the year ended December 31, 1951 and subsequent years, as follows:

§ 120.61 *Form prescribed for carriers by pipeline.* All Carriers by Pipeline subject to the provisions of section 20, Part I of the Interstate Commerce Act, are hereby required to file annual reports for the year ended December 31, 1951, and for each succeeding year until further order, in accordance with Annual Report Form P (Carriers by Pipeline), which is hereby approved and made a part of this section.¹ The annual report shall be filed, in duplicate, in the Bureau of Transport Economics and Statistics, Interstate Commerce Commission, Washington 25, D. C., on or before March 31, of the year following the one to which it relates.

(24 Stat. 383, as amended, 49 U. S. C. 20, 913)

NOTE: Budget Bureau No. 60-R 108.8.

By the Commission, Division 1.

[SEAL]

W. P. BARTEL,
Secretary.

[F. R. Doc. 51-13516; Filed, Nov. 8, 1951; 8:52 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF AGRICULTURE

Production and Marketing Administration

[7 CFR Part 966]

ORANGES GROWN IN CALIFORNIA AND ARIZONA

NOTICE OF PROPOSED RULE MAKING WITH RESPECT TO EXPENSES AND FIXING OF RATE OF ASSESSMENT FOR 1951-52 FISCAL YEAR

Consideration is being given to the following proposals submitted by the Orange Administrative Committee, established pursuant to Order No. 66, as amended (7 CFR Part 966), regulating the handling of oranges grown in the State of California or in the State of Arizona, effective under the Agricultural Marketing Agreement Act of 1937, as amended, as the agency to administer the terms and provisions thereof: (1).

That the Secretary of Agriculture find that expenses not to exceed \$260,041.32 will be necessarily incurred during the fiscal year ending October 31, 1952, for the maintenance and functioning of the committee established under the aforesaid amended order, and (2) that the Secretary of Agriculture fix, as the pro rata share of such expenses which each handler who first handles oranges shall pay in accordance with the aforesaid amended order during the aforesaid fiscal year, the rate of assessment at \$0.01 per packed box of oranges, or an equivalent quantity of oranges, handled by him as the first handler thereof during said fiscal year.

All persons who desire to submit written data, views, or arguments in connection with the aforesaid proposals should file the same with the Director,

¹ Filed as part of the original document.

Fruit and Vegetable Branch, Production and Marketing Administration, United States Department of Agriculture, Room 2077, South Building, Washington 25, D. C., not later than the close of business on the 10th day after the publication of this notice in the FEDERAL REGISTER. All documents should be filed in quadruplicate.

Terms used herein shall have the same meaning as when used in said amended order.

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. and Sup. 608c)

Issued this 5th day of November 1951.

[SEAL]

M. W. BAKER,
Acting Director, Fruit and Vegetable Branch, Production and Marketing Administration.

[F. R. Doc. 51-13509; Filed, Nov. 8, 1951; 8:50 a. m.]

DEPARTMENT OF LABOR

Division of Public Contracts

[41 CFR Part 202]

TOBACCO INDUSTRY

NOTICE OF HEARING ON PREVAILING
MINIMUM WAGE

The Secretary of Labor, in an amended minimum wage determination issued pursuant to the provisions of the Walsh-Healey Public Contracts Act (Act of June 30, 1936, 49 Stat. 2036, 41 U. S. C. secs. 35-45) and effective January 25, 1950 (15 F. R. 382), determined that the minimum wage for persons employed in the performance of contracts with agencies of the United States Government subject to the act for the manufacture or furnishing of the products of the Tobacco Industry shall be not less than 75 cents an hour. This amended determination was based upon information indicating that substantially all employees in the Tobacco Industry are engaged in commerce or in the production of goods for commerce, as defined in the Fair Labor Standards Act, and that as a consequence the Fair Labor Standards Amendments of 1949 require payment of a wage rate of not less than 75 cents an hour to substantially all employees in the industry. This amended determination also provided that learners and handicapped workers might be employed at subminimum rates in accordance with regulations of the Administrator of the Wage and Hour Division of the Department of Labor under section 14 of the Fair Labor Standards Act (29 CFR Parts 522, 524 and 525 respectively).

Wage tabulations of selected tobacco manufacturing establishments made as of May 1951 by the Bureau of Labor Statistics indicate that the 75-cent rate now in effect may not reflect the prevailing minimum wages in the industry; and it is proposed, therefore, to hold a hearing for the purpose of consideration by the Secretary of Labor of an amendment of the current determination.

The Tobacco Industry is defined in the current determination as that industry which manufactures or furnishes chewing and smoking tobacco (excluding cigars), cigarettes and snuff.

Now, therefore, notice is hereby given: That a public hearing will be held on December 11, 1951, at 10:00 a. m., in Room 1214 of the Department of Labor, Constitution Avenue and 14th Street, Northwest, Washington, D. C., before the Administrator of the Wage and Hour and Public Contracts Divisions or a representative designated to preside in his place, at which hearing all interested persons may appear and submit data, views and argument (1) as to what are the prevailing minimum wages in the Tobacco Industry; (2) as to whether there should be included in any amended determination for this industry provision for employment of learners, probationary workers, or apprentices at subminimum rates, and if so, in what occupations, at what subminimum rates, and with what limitations, if any, as to length of period and number or proportion of such subminimum rate em-

No. 219—7

ployees; and (3) as to the adequacy of the following definition:

The Tobacco Industry is defined as that industry which manufactures or furnishes chewing and smoking tobacco (excluding cigars), cigarettes and snuff.

Persons intending to appear are requested to notify the Administrator of their intention in advance of the hearing. Written statements in lieu of personal appearance may be filed with the presiding officers at the hearing. An original and four copies of any such statement should be filed.

Tabulations of wage data released by the Bureau of Labor Statistics on November 2, 1951 as well as other tabulations prepared by that Bureau at the request of the Wage and Hour and Public Contracts Divisions will be made available to interested persons upon request to the Wage and Hour and Public Contracts Divisions, United States Department of Labor, Washington, D. C. Interested persons are invited to submit wage data, including data as to changes which have taken place in the wage structure of the industry since the time of the survey.

In the discretion of the Presiding Officer, a period of not to exceed 30 days from the close of the hearing may be allowed for the filing of comment on the evidence and statements introduced into the record of the hearing. In the event such supplemental statements are received, an original and four copies of each such statement should be filed.

Signed at Washington, D. C., this 5th day of November 1951.

WM. R. McCOMB,
Administrator,
Wage and Hour Division.

[F. R. Doc. 51-13527; Filed, Nov. 8, 1951;
8:54 a. m.]

Wage and Hour Division

[29 CFR Part 707]

JEWEL CUTTING AND POLISHING INDUSTRY
IN PUERTO RICOMINIMUM WAGE RATE IN INDUSTRIAL JEWEL
DIVISION

Pursuant to section 5 (a) of the Fair Labor Standards Act of 1938, as amended, hereinafter called the act, the Administrator of the Wage and Hour Division, United States Department of Labor, by Administrative Order No. 411, as amended by Administrative Orders No. 412 and 413, appointed Special Industry Committee No. 10 for Puerto Rico, hereinafter called the Committee, and directed the Committee to investigate conditions in a number of industries in Puerto Rico specified and defined in said orders, including the Jewel Cutting and Polishing Industry, and to recommend minimum wage rates for employees engaged in commerce or in the production of goods for commerce in such industries.

For purposes of investigating conditions in and recommending minimum wage rates for the Jewel Cutting and Polishing Industry in Puerto Rico, the

Committee included three disinterested persons representing the public, a like number representing employers, and a like number representing employees in the Jewel Cutting and Polishing Industry in Puerto Rico, and was composed of residents of Puerto Rico and of the United States outside of Puerto Rico. After investigating economic and competitive conditions in the industry the Committee filed with the Administrator a report containing (a) its recommendation that the industry be divided into separable divisions for the purpose of fixing minimum wage rates; (b) the titles and definitions recommended by the Committee for such separable divisions of the industry; and (c) its recommendations for minimum wage rates to be paid employees engaged in commerce or in the production of goods for commerce in such divisions of the industry.

Pursuant to the notice published in the FEDERAL REGISTER on August 14, 1951, and circulated to all interested persons, a public hearing upon the Committee's recommendations was held before Hearing Examiner Clifford P. Grant, as presiding officer, in Washington, D. C. on September 12, 1951, at which all interested parties were given an opportunity to be heard. After the hearing was closed the record of the hearing was certified to the Administrator by the presiding officer.

On October 20, 1951 (16 F. R. 10736) I approved the minimum wage recommendation of the Committee for the Gem Stone Division of the industry and issued a wage order to carry such recommendation into effect. The recommendation of the Committee for the Industrial Jewel Division has been under consideration since that time.

On the basis of all the evidence and giving consideration to the provisions of the act, particularly sections 5 and 8 thereof, I have concluded that the recommendation of the Committee for a minimum wage rate in the Industrial Jewel Division of the Jewel Cutting and Polishing Industry in Puerto Rico, as defined, was made in accordance with law, is supported by the evidence adduced at the hearings, and, taking into consideration the same factors as are required to be considered by the Committee, will carry out the purposes of sections 5 and 8 of the act.

I have set forth my decision in a document entitled "Supplementary Findings and Opinion of the Administrator in the Matter of the Recommendations of Special Industry Committee No. 10 for Minimum Wage Rates in the Jewel Cutting and Polishing Industry in Puerto Rico," a copy of which may be had upon request addressed to the Wage and Hour Division, United States Department of Labor, Washington 25, D. C.

Accordingly, notice is hereby given, pursuant to the Administrative Procedure Act (60 Stat. 237; 5 U. S. C. 1001) and the rules of practice governing this proceeding (16 F. R. 2684), that I propose to approve the minimum wage recommendation of the Committee for the Industrial Jewel Division of the industry and to amend this part as hereinafter set forth to carry such recommendation into effect:

In § 707.1, delete the note following paragraph (a) and add a new paragraph to read as follows:

§ 707.1 Wage rates. * * *

(b) Wages at a rate of not less than 42½ cents per hour shall be paid under section 6 of the Fair Labor Standards Act of 1938, as amended, by every employer to each of his employees in the industrial jewel division of the jewel cutting and polishing industry in Puerto Rico who is engaged in commerce or in the production of goods for commerce.

Within 15 days from publication of this notice in the FEDERAL REGISTER, interested parties may submit written exceptions to the proposed amendment as hereinbefore set forth. Exceptions should be addressed to the Administrator of the Wage and Hour Division, United States Department of Labor, Washington 25, D. C. They should be submitted in quadruplicate, and should include supporting reasons for any exceptions.

Signed at Washington, D. C., this 5th day of November 1951.

WM. R. McCOMB,
Administrator,
Wage and Hour Division.

[F. R. Doc. 51-13526; Filed, Nov. 8, 1951;
8:54 a. m.]

FEDERAL SECURITY AGENCY

Food and Drug Administration

[21 CFR Parts 1, 3]

LABELING EXEMPTIONS FOR FOODS REPACKAGED IN RETAIL FOOD ESTABLISHMENTS

NOTICE OF PROPOSED RULE MAKING

Section 301 (k) of the Federal Food, Drug, and Cosmetic Act prohibits, among other things, "The alteration, mutilation, * * * or removal of the whole or any part of the labeling of, or the doing of any other act with respect to, a food * * * if such act is done while such article is held for sale (whether or not the first sale) after shipment in interstate commerce and results in such article being adulterated or misbranded." Section 304 (a) authorizes the seizure of articles that are adulterated or misbranded while held for sale after shipment in interstate commerce.

It is the practice in the retail food trade to repack food products received in bulk containers, either at the time of retail sale or prior thereto. Such re-

packing, if the food is of interstate origin, presents the possibility of violation of section 301 (k) and of seizure under section 304 (a) by reason of the failure of the repackaged food to bear labeling information required by the act.

1. The Federal Security Administrator, under the authority of sections 701 (a) and 403 (e), (i), and (k) of the Federal Food, Drug, and Cosmetic Act, proposes to issue regulations exempting such repackaged foods from certain labeling requirements, under the conditions stated, by adding the following new paragraphs to Part 1, Title 21 of the Code of Federal Regulations:

§ 1.8 Food; labeling; required statements; when exempt. * * *

(n) A food shall be exempt while held for sale from the requirements of clause (2) of section 403 (e) (requiring a statement on the label of the quantity of contents) if said food, having been received in bulk containers at a retail establishment, is accurately weighed, measured, or counted either within the view of the purchaser or in compliance with the purchaser's order.

§ 1.10 Food; labeling; designation of ingredients. * * *

(f) A food shall be exempt while held for sale from the requirements of clause (2) of section 403 (i) (requiring a declaration on the label of the common or usual name of each ingredient when the food is fabricated from two or more ingredients) if said food, having been received in bulk containers at a retail establishment, is displayed to the purchaser with either (1) the labeling of the bulk container plainly in view or (2) a counter card, sign, or other appropriate device bearing prominently and conspicuously the information required to be stated in the label pursuant to clause (2) of section 403 (i).

§ 1.12 Food; labeling; artificial flavoring or coloring, chemical preservatives. * * *

(e) A food shall be exempt while held for sale from the requirements of section 403 (k) (requiring label statement of any artificial flavoring, artificial coloring, or chemical preservatives) if said food, having been received in bulk containers at a retail establishment, is displayed to the purchaser with either (1) the labeling of the bulk container plainly in view or (2) a counter card, sign, or other appropriate device bearing prominently and conspicuously the information required to be stated on the label pursuant to section 403 (k).

2. The Federal Security Administrator also proposes, under the authority of sections 306 and 701 (a) of the Federal Food, Drug, and Cosmetic Act, to issue a statement of policy, as follows:

§ 3.26 Notice to food retailers. The Federal Security Administrator will refrain from recommending criminal, injunction, or seizure proceedings on charges that a food repackaged in a retail establishment was misbranded, while held for sale, because it did not comply with the following provisions of the Federal Food, Drug, and Cosmetic Act, if the conditions herein specified are met:

(a) Section 403 (e) (1) (requiring a statement on the label of the name and place of business of the manufacturer, packer, or distributor);

(b) Section 403 (g) (2) (requiring a statement on the label of a food which purports to be or is represented as one for which a definition and standard of identity has been prescribed to bear the name of the food specified in the definition and standard and, insofar as may be required by the regulation establishing the standard, the common names of the optional ingredients present in the food), if the food was displayed to the purchaser with its interstate labeling clearly in view, or with a counter card, sign, or other appropriate device bearing prominently and conspicuously the information required by these provisions; or

(c) Section 403 (i) (1) (requiring a statement on the label of the common or usual name of the food), if the food was displayed to the purchaser with its interstate labeling clearly in view, or with a counter card, sign, or other appropriate device bearing prominently and conspicuously the common or usual name of the food, or if the common or usual name of the food is clearly revealed by its appearance.

Interested persons are invited to submit written comments with respect to the proposed order to the Hearing Clerk, Federal Security Agency, Room 5440, Federal Security Building, Fourth Street and Independence Avenue SW., Washington 25, D. C., within 30 days from the date of publication in the FEDERAL REGISTER.

Dated: November 5, 1951.

[SEAL] JOHN L. THURSTON,
Acting Administrator.

[F. R. Doc. 51-13505; Filed, Nov. 8, 1951;
8:49 a. m.]

NOTICES

DEPARTMENT OF AGRICULTURE

Production and Marketing Administration

NORTH HOUSTON STOCKYARDS CO.

DEPOSTING OF STOCKYARD

It has been ascertained that the North Houston Stockyards Company (formerly

known as Houston Auction Company), Houston, Texas, originally posted on June 13, 1947, as being subject to the Packers and Stockyards Act, 1921, as amended (7 U. S. C. 181 et seq.), no longer comes within the definition of a stockyard under said act for the reason that it is no longer being conducted or operated as a public livestock market.

Therefore, notice is given to the owner of such stockyard and to the public that such stockyard is no longer subject to the provisions of said act.

Notice of public rule making has not preceded promulgation of the foregoing rule since it is found that the giving of such notice would prevent the due and timely administration of the Packers

and Stockyards Act and would, therefore, be impractical. There is no legal warrant or justification for not depositing promptly a stockyard which is no longer being conducted or operated as a public livestock market and is, therefore, no longer a stockyard within the definition contained in said act.

The foregoing rule is in the nature of a rule granting an exemption of relieving a restriction and, therefore, may be made effective in less than 30 days after publication thereof in the FEDERAL REGISTER. This notice shall become effective upon publication in the FEDERAL REGISTER.

(7 U. S. C. 181 et seq.)

Done at Washington, D. C., this 5th day of November, 1951.

H. E. REED,
Director, Livestock Branch,
Production and Marketing
Administration.

[F. R. Doc. 51-13510; Filed, Nov. 8, 1951;
8:50 a. m.]

DEFENSE MATERIALS PROCUREMENT AGENCY

[Delegation 5]

ADMINISTRATOR OF GENERAL SERVICES
DELEGATION OF AUTHORITY TO PERFORM
CERTAIN STAFF FUNCTIONS

Pursuant to the authority vested in me as Defense Materials Procurement Administrator by Executive Order No. 10281 of August 28, 1951 (16 F. R. 8789), and the Defense Production Act of 1950, as amended (Pub. Law 774, 81st Cong., and Pub. Laws 69 and 96, 82d Cong.) and other applicable law, I hereby delegate to the Administrator of General Services authority to perform staff functions for the Defense Materials Procurement Agency, as set forth below. The functions shall be performed subject to the over-all policies established by me to govern and control the functions and operation of the Agency.

1. Administrative management services, substantially the same as are now being performed for the General Services Administration by its Office of Management, in the fields of personnel (including the authorities under the last sentence of section 703 (a) and subsections (b) and (c) of section 710 of the Defense Production Act of 1950, as amended), office services and supply (including their procurement), and organization and methods.

2. Budget, accounting, credit, and other financial management services substantially the same as are now being performed for the General Services Administration by its Office of Comptroller.

3. The functions delegated by the preceding paragraphs of this Delegation of Authority shall not, except as herein otherwise provided, modify functions and authorities delegated in Delegation No. 1, dated September 14, 1951 (16 F. R. 9446).

4. The authority contained herein may be redelegated to officers and employees of the General Services Administration.

5. This delegation shall be effective as of October 28, 1951.

Dated: November 7, 1951.

JESS LARSON,
Defense Materials
Procurement Administrator.

[F. R. Doc. 51-13613; Filed, Nov. 8, 1951;
11:18 a. m.]

EXECUTIVE OFFICE OF THE PRESIDENT

Office of Defense Mobilization

[CDHA No. 6]

FINDING AND DETERMINATION OF CRITICAL
DEFENSE HOUSING AREAS UNDER THE
DEFENSE HOUSING AND COMMUNITY
FACILITIES AND SERVICES ACT OF 1951

NOVEMBER 7, 1951.

Upon a review of the construction of new defense plants and installations, and the reactivation or expansion of operations of existing defense plants and installations, and the in-migration of defense workers or military personnel to carry out activities at such plants or installations, and the availability of housing and community facilities and services for such defense workers and military personnel in each of the areas set forth below, I find that all of the conditions set forth in section 101 (b) of the Defense Housing and Community Facilities and Services Act of 1951 (Pub. Law 139, 82d Cong., 1st Sess.) exist.

Accordingly, pursuant to section 101 of the Defense Housing and Community Facilities and Services Act of 1951 and by virtue of the authority vested in me by paragraph number 1 of Executive Order 10296 of October 2, 1951, I hereby determine that each of said areas is a critical defense housing area.

Astoria, Oregon, area. (The area consists of the following precincts in Clatsop County: Alderbrook, Astoria 1 through 7; Astoria 9 through 17; Hammond; Warrenton; Gearhart; Clatsop; Lewis and Clark; Stanley Acres; and Seaside 1 through 4.)

Inyokern-Ridgecrest-China Lake, California, area. (The area consists of township 1 and 10 in Kern County.)

Braidwood (Joliet), Illinois, area. (The area consists of Will County and the village of Steger in Cook County, Illinois.)

Tucson, Arizona, area. (The area consists of Districts 1 and 2 of Pima County, including Tucson City.)

Mountain Home, Idaho, area. (The area consists of Mountain Home Precincts 1 and 2, including the village of Mountain Home, in Elmore County.)

Marysville-Yuba, California, area. (The area consists of Yuba County and the township of Yuba in Sutter County.)

Fort Campbell, Kentucky, area. (The area consists of Christian County, Kentucky and Montgomery County, Tennessee.)

Fort Sill, Lawton, Oklahoma, area. (This area consists of Comanche County.)

Camden-Shumaker, Arkansas, area. (This area consists of Ouachita and Calhoun Counties, Arkansas.)

Camp Stewart, Georgia, area. (This area consists of Long and Liberty Counties, Georgia.)

Fort Benning, Georgia, area. (The area consists of Chattahoochee and Muscogee Counties in Georgia and Precinct 1 in Russell County, Alabama.)

Rantoul (Chanute Air Force Base), Illinois. (The area consists of Champaign and Vermilion Counties.)

Indiantown Gap, Pennsylvania. (The area consists of the County of Lebanon, Pennsylvania.)

Fort Knox, Kentucky. (The area covered consists of magisterial districts 1, 4, 5, 6 in Hardin County, magisterial districts 1, 2, 3, 4 in Meade County, and magisterial districts 1 and 4 in Bullitt County.)

C. E. WILSON,
Director,

Office of Defense Mobilization.

[F. R. Doc. 51-13571; Filed, Nov. 7, 1951;
3:05 p. m.]

[RC-6; No. 288]

FORT CAMPBELL, KY., AREA

DETERMINATION AND CERTIFICATION OF A
CRITICAL DEFENSE HOUSING AREA

NOVEMBER 7, 1951.

Upon specific data which has been prescribed by and presented to the Secretary of Defense and the Director of Defense Mobilization and on the basis of other information available in the discharge of their official duties, the undersigned find that the conditions required by section 204 (1) of the Housing and Rent Act of 1947, as amended, exist in the area designated as

Fort Campbell, Kentucky, area: This area lies in two states and is comprised of Christian County, Kentucky, and Montgomery County, Tennessee.

Therefore, pursuant to section 204 (1) of the Housing and Rent Act of 1947, as amended, and Executive Order 10276 of July 31, 1951, the undersigned jointly determine and certify that the aforementioned area is a critical defense housing area.

WILLIAM C. FOSTER,
Acting Secretary of Defense.

C. E. WILSON,
Director of Defense Mobilization.

[F. R. Doc. 51-13572; Filed, Nov. 7, 1951;
3:05 p. m.]

[RC-6; No. 289]

FORT KNOX, KY., AREA

DETERMINATION AND CERTIFICATION OF A
CRITICAL DEFENSE HOUSING AREA

NOVEMBER 7, 1951.

Upon specific data which has been prescribed by and presented to the Secretary of Defense and the Director of Defense Mobilization and on the basis of other information available in the discharge of their official duties, the undersigned find that the conditions required by section 204 (1) of the Housing and Rent Act of 1947, as amended, exist in the area designated as

Fort Knox, Kentucky, Area: This area includes Hardin County, Magisterial Districts 1, 4, 5 and 6; Meade County, Magisterial Districts 1, 2, 3 and 4; Bullitt County, Magisterial Districts 1 and 4.

Therefore, pursuant to section 204 (1) of the Housing and Rent Act of 1947, as amended, and Executive Order 10276 of July 31, 1951, the undersigned jointly determine and certify that the aforementioned

tioned area is a critical defense housing area.

WILLIAM C. FOSTER,
Acting Secretary of Defense.
C. E. WILSON,
Director of Defense Mobilization.

[F. R. Doc. 51-13573; Filed, Nov. 7, 1951;
3:05 p. m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket No. 9925]

JOSEPH F. BIDDLE PUBLISHING CO.
(WHUN)

ORDER CONTINUING HEARING

In re application of The Joseph F. Biddle Publishing Co. (WHUN), Huntingdon, Pennsylvania, Docket No. 9925, File No. BP-7788; for construction permit.

The Commission having under consideration a petition filed October 31, 1951, by The Joseph F. Biddle Publishing Company (WHUN), Huntingdon, Pennsylvania, requesting a 60-day continuance of the hearing presently scheduled for November 13, 1951, in Washington, D. C., in the proceeding upon its above-entitled application for construction permit;

It is ordered, This 2d day of November 1951, that the petition is granted; and that the hearing in the above-entitled proceeding is continued to 10:00 a. m., Monday, January 14, 1952, in Washington, D. C.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 51-13529; Filed, Nov. 8, 1951;
8:54 a. m.]

[Docket No. 10043, 10044]

CRAVEN BROADCASTING CO. AND EASTERN
CAROLINA BROADCAST CO.

ORDER CONTINUING HEARING

In re applications of Luke H. Wetherington, L. T. Grantham and David E. Hardison, a co-partnership, d/b as Craven Broadcasting Company, New Bern, North Carolina, Docket No. 10043, File No. BP-8142; L. C. McSwain, tr/as Eastern Carolina Broadcast Company, Greenville, North Carolina, Docket No. 10044, File No. BP-8196; for construction permits.

The Commission having under consideration the motion of Luke H. Wetherington, L. T. Grantham and David E. Hardison, a co-partnership, d/b as Craven Broadcasting Company, filed October 16, 1951, that the hearing in the above-entitled matter, presently scheduled for November 14, 1951, be continued for a period of approximately one month;

It appearing, that two of the persons identified with the application of the moving parties herein, one a member of the partnership and the other its local representative, are unable to be present in Washington on the date this matter is scheduled to be heard, due to prior

commitments to participate as counsel in local court proceedings which are set for the middle of November 1951:

It appearing further, that the moving parties desire the attendance of the two persons aforementioned in connection with the presentation of evidence in support of their application, and that both of them will be prepared to attend the hearing in Washington in the event the same should be continued for about one month;

It appearing further, that counsel for the Commission consents to the continuance herein sought, and that the competing applicant, L. C. McSwain, tr/as Eastern Carolina Broadcast Company, has not interposed objection thereto;

It is ordered, This 31st day of October 1951, that the motion under consideration, be, and it is hereby, granted; and that the hearing upon the above-entitled applications is continued to December 11, 1951, in Washington, D. C.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 51-13528; Filed, Nov. 8, 1951;
8:54 a. m.]

[Docket No. 10056]

MACKAY RADIO AND TELEGRAPH CO., INC.,
AND ALL AMERICA CABLES AND RADIO,
INC.

ORDER CONTINUING HEARING

In the matter of Mackay Radio and Telegraph Company, Inc., and All America Cables and Radio, Inc., Docket No. 10056. File Nos. 598-C4-ML-51, 595-C4-ML-51; applications for modification of licenses to delete certain conditional provisions relating to communication between New York, New York and San Juan, Puerto Rico.

The Commission having under consideration the motion of its Chief, Common Carrier Bureau, filed October 25, 1951, that the hearing in the above-entitled matter, now scheduled to begin November 6, 1951, be postponed without date;

It appearing, that there is pending before the Commission the petition of Mackay Radio and Telegraph Company, Inc., and All America Cables and Radios, Inc., filed October 8, 1951, for reconsideration and grant of their respective applications without hearing, and that RCA Communications, Inc., an intervenor herein pursuant to the terms of the Commission's order of September 19, 1951, has filed a statement in opposition to the petition for reconsideration;

It appearing further, in view of the pendency of the above pleadings, that it is in accordance with Commission policy to continue the hearing in this proceeding without date, as is proposed in the motion under consideration;

It appearing further, that opposition to the instant motion has not been filed by any of the interested parties;

It is ordered, This 31st day of October 1951, that the motion under consideration, be, and it is hereby, granted; and

that the hearing in the above-entitled matter is continued until further order.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 51-13530; Filed, Nov. 8, 1951;
8:54 a. m.]

[Docket No. 10078]

LAWRENCE G. LUNDEEN

ORDER DESIGNATING APPLICATION FOR HEARING ON STATED ISSUES

In the matter of Lawrence G. Lundeen, Tabor, Iowa, Docket No. 10078; application for radiotelephone first class operator license.

At a session of the Federal Communications Commission held at its offices in Washington, D. C. on the 31st day of October 1951;

It appearing, that Lawrence G. Lundeen, Tabor, Iowa, on July 18, 1951 applied to the Commission for a radio telephone first class operator license and requested permission to be examined for that grade of license;

It further appearing, that during the examination Lundeen attempted to use unauthorized written aids; and

It further appearing, that by registered letter dated September 26, 1951 Lundeen was advised that action on his application for a radiotelephone first class operator license would not be taken by the Commission nor would he be permitted to be examined for any grade of license or commercial operator license without first conducting a hearing on the facts in this matter; and

It further appearing, that Lundeen has filed a timely request for a hearing in this matter;

It is ordered, That pursuant to section 303 (1) of the Communications Act of 1934, as amended, the above-entitled application is hereby designated for hearing at a time and place to be specified by a subsequent order of the Commission upon the following issues:

1. To determine whether Lundeen used or attempted to use unauthorized written aids while being examined by the Commission for a radiotelephone operator license.

2. To determine whether Lundeen's actions during his examination for radiotelephone first class operator license constituted an attempt to obtain an operator's license by fraudulent means.

3. In the light of the evidence on the foregoing issues to determine the applicant's character qualifications and to determine whether a grant of an operator's license to him would be in the public interest.

It is further ordered, That a copy of this order be transmitted by registered mail, return receipt requested, to Lawrence G. Lundeen, Tabor, Iowa.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 51-13532; Filed, Nov. 8, 1951;
8:55 a. m.]

[Mexican Change List No. 136]

MEXICAN BROADCAST STATIONS

LIST OF CHANGES, PROPOSED CHANGES, AND CORRECTIONS IN ASSIGNMENTS

OCTOBER 4, 1951.

Notification under the provisions of part III, section 2, of the North American Regional Broadcasting Agreement.

Call letters	Location	Power	Schedule	Class	Probable date to commence operation
XEDZ.....	Cordoba, Veracruz.....	820 kilocycles (change in call letters from XEFH).			
XEFN.....	Uruapan, Michoacan.....	1130 kilocycles, 250 w.	D	II	Jan. 1, 1952
XEFH.....	Agua Prieta, Sonora.....	1310 kilocycles (change in call letters from XEY).			
XEL.....	Morelia, Michoacan.....	1400 kilocycles, 250 w-N/1 kw-D (increase in daytime power).	U	IV	Do.
XEMS.....	Matamoros, Tamaulipas.....	1410 kilocycles, 125 w (see assignment on 1310 kc/s).	U	IV	Dec. 1, 1951
XEVH.....	Valle Hermoso, Tamaulipas.....	1450 kilocycles, 125 w.	U	IV	Apr. 1, 1952
XEFG.....	Tecuala, Nayarit.....				

¹ The last 2 changes appearing on List No. 134, Sept. 12, 1951, have reference to this frequency. For these changes the frequency 1340 kc/s should be replaced by 1410 kc/s.

FEDERAL COMMUNICATION COMMISSION,
T. J. SLOWIE,
Secretary.

[F. R. Doc. 51-13531; Filed, Nov. 8, 1951; 8:55 a. m.]

FEDERAL POWER COMMISSION

[Docket No. G-1686]

NEW YORK STATE NATURAL GAS CORP.

ORDER FIXING DATE OF HEARING

NOVEMBER 2, 1951.

On May 10, 1951, New York State Natural Gas Corporation (Applicant), a New York corporation having its principal place of business at New York, New York, filed an application, as supplemented on October 5, 1951, for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act, as amended, authorizing the sale and delivery of natural gas to the New York State Electric and Gas Corporation for distribution in the Hamlet of Big Flats, Town of Big Flats, Chemung County, New York, and for the construction and operation of a meter and regulating station and appurtenant facilities required for the delivery of the gas. Said application, as supplemented, is on file with the Commission and open to public inspection.

The Commission finds: This proceeding is a proper one for disposition under the provisions of § 1.32 (b) (18 CFR 1.32 (b)) of the Commission's rules of practice and procedure. Applicant having requested that its application be heard under the shortened procedure provided by the aforesaid rule for noncontested proceedings, and no protest having been filed subsequent to the giving of due notice of the filing of the application including publication in the FEDERAL REGISTER on May 30, 1951 (16 F. R. 5078).

The Commission orders:

(A) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, as amended, and the Com-

mission's Rules of Practice and Procedure, a hearing be held on November 16, 1951, at 9:45 a. m., in the Hearing Room of the Federal Power Commission, 1800 Pennsylvania Avenue NW., Washington, D. C., concerning the matters involved and the issues presented by such application, as supplemented: *Provided, however*, That the Commission may, after a noncontested hearing forthwith dispose of the proceeding pursuant to the provisions of § 1.32 (b) of the rules of practice and procedure.

(B) Interested State commissions may participate as provided by §§ 1.8 and 1.37 (f) (18 CFR 1.8 and 1.37 (f)) of the said rules of practice and procedure.

Date of issuance: November 5, 1951.

By the Commission.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 51-13495; Filed, Nov. 8, 1951; 8:46 a. m.]

[Docket No. G-1788]

OHIO FUEL GAS CO.

ORDER FIXING DATE OF HEARING

NOVEMBER 2, 1951.

On September 7, 1951, The Ohio Fuel Gas Company (Applicant) an Ohio corporation with its principal place of business at Columbus, Ohio, filed an application, supplemented on October 25, 1951, pursuant to section 7 of the Natural Gas Act for (1) a certificate of public convenience and necessity as amended, authorizing the construction and operation of certain natural-gas transmission pipeline facilities and (2) for permission and approval to abandon and remove certain other natural-gas transmission pipeline facilities, subject to the juris-

diction of the Commission, as fully described in the application and supplement thereto on file with the Commission and open to public inspection.

The Commission finds: This proceeding is a proper one for disposition under the provisions of § 1.32 (b) (18 CFR 1.32 (b)) of the Commission's rules of practice and procedure. Applicant having requested that its application be heard under the shortened procedure provided by the aforesaid rule for noncontested proceedings, and no request to be heard, protest or petition having been filed subsequent to the giving of due notice of the filing of the application, including publication in the FEDERAL REGISTER on September 26, 1951 (16 F. R. 9785).

The Commission orders:

(A) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, as amended, and the Commission's rules of practice and procedure, a hearing be held on November 16, 1951, at 9:30 a. m. (e. s. t.), in the Hearing Room of the Federal Power Commission, 1800 Pennsylvania Avenue NW., Washington, D. C., concerning the matters involved and the issues presented by such application: *Provided, however*, That the Commission may, after a noncontested hearing, forthwith dispose of the proceeding pursuant to the provisions of § 1.32 (b) of the rules of practice and procedure.

(B) Interested State commissions may participate as provided by §§ 1.8 and 1.37 (f) (18 CFR 1.8 and 1.37 (f)) of the rules of practice and procedure.

Date of issuance: November 5, 1951.

By the Commission.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 51-13496; Filed, Nov. 8, 1951; 8:47 a. m.]

[Docket Nos. G-1325, G-1338, G-1367]

METROPOLITAN UTILITIES DISTRICT OF OMAHA AND NORTHERN NATURAL GAS CO.

NOTICE OF OPINION 219 AND ORDER

NOVEMBER 5, 1951.

In the matters of Metropolitan Utilities District of Omaha, complainant, v. Northern Natural Gas Company, defendant, Docket Nos. G-1325, G-1338; in the matter of Northern Natural Gas Company, Docket No. G-1367.

Notice is hereby given that, on November 1, 1951, the Federal Power Commission issued its opinion and order, entered October 30, 1951, determining classification of service under tariff filed with the Commission, and directing the maintenance of physical connection and the sale of natural gas pursuant to section 7 (a) of the Natural Gas Act in the above-entitled matters.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 51-13497; Filed, Nov. 8, 1951; 8:47 a. m.]

[Docket Nos. G-1380, G-1696]

EL PASO NATURAL GAS CO.

NOTICE OF ORDER ACCEPTING RATE SCHEDULES

NOVEMBER 5, 1951.

Notice is hereby given that, on November 1, 1951, the Federal Power Commission issued its order, entered October 30, 1951, accepting rate schedules for filing and terminating proceedings in the above-entitled matter.

[SEAL] LEON M. FUQUAY,
Secretary.[F. R. Doc. 51-13498; Filed, Nov. 8, 1951;
8:47 a. m.]

[Project No. 405]

SUSQUEHANNA POWER CO. AND PHILA-
DELPHIA ELECTRIC POWER CO.NOTICE OF ORDER APPROVING REVISED
EXHIBITS L AND M DRAWINGS

NOVEMBER 5, 1951.

Notice is hereby given that, on November 1, 1951, the Federal Power Commission issued its order, entered October 30, 1951, approving revised Exhibits L and M drawings as part of license in the above-entitled matter.

[SEAL] LEON M. FUQUAY,
Secretary.[F. R. Doc. 51-13499; Filed, Nov. 8, 1951;
8:48 a. m.]

[Project No. 1862]

CITY OF TACOMA, WASH.

NOTICE OF ORDER APPROVING REVISED
EXHIBIT K DRAWINGS

NOVEMBER 5, 1951.

Notice is hereby given that, on November 1, 1951, the Federal Power Commission issued its order, entered October 30, 1951, approving revised Exhibit K drawings as part of license in the above-entitled matter.

[SEAL] LEON M. FUQUAY,
Secretary.[F. R. Doc. 51-13500; Filed, Nov. 8, 1951;
8:48 a. m.]

ST. JOSEPH LIGHT & POWER CO.

NOTICE OF ORDER APPROVING AND DIRECTING
DISPOSITION OF CERTAIN CLASSIFIED
AMOUNTS

NOVEMBER 5, 1951.

Notice is hereby given that, on November 1, 1951, the Federal Power Commission issued its order, entered October 30, 1951, approving and directing disposition of amount classified in Account 100.5, electric plant acquisition adjustments, and Account 107, electric plant adjustments in the above-entitled matter.

[SEAL] LEON M. FUQUAY,
Secretary.[F. R. Doc. 51-13501; Filed, Nov. 8, 1951;
8:48 a. m.]

[Docket No. E-6386]

FLORIDA POWER CORP.

NOTICE OF APPLICATION

NOVEMBER 6, 1951.

Take notice that on November 5, 1951, an application was filed with the Federal Power Commission, pursuant to section 204 of the Federal Power Act, by Florida Power Corporation, a corporation organized under the laws of the State of Florida and doing business in said State, with its principal business office at St. Petersburg, Florida, seeking an order disclaiming jurisdiction over the transaction hereinafter described, or, in the alternative, an order authorizing Applicant to enter into a line of credit with a group of banks up to but not exceeding \$10,000,000, to be evidenced by unsecured Promissory Notes maturing not more than eleven months after date of issuance or on December 31, 1952, whichever is earlier. The Promissory Notes will be issued to, and participation will be had by, the banks named below in the amounts and percentages set forth as follows:

Bank	Participation	Percentage
Guaranty Trust Co. of New York	\$3,700,000	37
The Hanover Bank	2,250,000	22.5
The Chase National Bank of the City of New York	2,250,000	22.5
Chemical Bank & Trust Co.	500,000	5
Irving Trust Co.	500,000	5
Florida National Bank at St. Petersburg	410,000	4.1
Union Trust Co., St. Petersburg	125,000	1.25
First National Bank, Orlando	125,000	1.25
First National Bank in St. Petersburg	100,000	1
The Bank of Clearwater	40,000	.4
Total	\$10,000,000	100

The Notes evidencing the initial borrowing under said line of credit will bear interest at the rate of 3 percent per annum, the interest rate for subsequent borrowings will be the subject of negotiation at the time of borrowing with participating banks, of which the Guaranty Trust Company of New York will act as Agent for the line of credit; all as more fully appears in the application on file with the Commission.

Any person desiring to be heard, or to make any protest with reference to said application should, on or before the 19th day of November 1951, file with the Federal Power Commission, Washington 25, D. C., a petition or protest in accordance with the Commission's rules of practice and procedure. The application is on file with the Commission for public inspection.

[SEAL] LEON M. FUQUAY,
Secretary.[F. R. Doc. 51-13538; Filed, Nov. 8, 1951;
8:56 a. m.]SECURITIES AND EXCHANGE
COMMISSION

[File No. 70-1847]

AMERICAN GAS AND ELECTRIC CO.

ORDER EXTENDING TIME

NOVEMBER 5, 1951.

American Gas and Electric Company ("American Gas") having acquired all of the outstanding securities of Citizens Heat, Light and Power Company ("Citizens") in accordance with an order of this Commission dated August 19, 1948, said order providing that American Gas should dispose of the water properties and business of Citizens within one year from the date of acquisition, or such later date as the Commission should determine pursuant to a request for an extension of time for good cause shown; and

The Commission having previously extended the time for disposition of such properties to March 15, 1951, and American Gas having filed a further application setting forth that continuing efforts are being made for the disposition of such properties and business and requesting that the time for such disposition be extended for a period of six months from September 15, 1951; and

It appearing to the Commission in the light of the circumstances set forth that it is appropriate to grant said application for an extension of time:

It is ordered, That the time for disposition of the water properties and business of Citizens by American Gas be, and the same hereby is, extended to March 15, 1952.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.[F. R. Doc. 51-13502; Filed, Nov. 8, 1951;
8:48 a. m.]

[File Nos. 59-98, 54-198]

INVESTMENT BOND AND SHARE CORP. ET AL.

NOTICE OF AND ORDER INSTITUTING PROCEED-
INGS; NOTICE OF FILING AND NOTICE OF
AND ORDER FOR HEARING; ORDER FOR CON-
SOLIDATION

NOVEMBER 5, 1951.

In the matter of Investment Bond and Share Corporation and its Subsidiaries, and William J. Walsh, Edwin Joseph Smail, John F. Baker, George M. Baker, Catherine E. Baker, Katherine M. Baker, John T. Walsh, William F. Walsh, Janice G. Walsh, Anne W. Smail, Edwin W. Smail, Barbara S. Johnson, Wallace D. Johnson, and Baker, Walsh & Co., Respondents (File No. 59-98); and Investment Bond and Share Corporation and its Subsidiaries (File No. 54-198).

I. Certain information having come to the attention of the Commission's staff regarding the security holdings and operations of Investment Bond and Share Corporation ("Investment Bond and Share"), and an investigation having been made for the purpose of determining that company's status under

the Public Utility Holding Company Act of 1935 ("act"); and following such investigation Investment Bond and Share having registered as a holding company on July 2, 1951; and

The Commission having examined, pursuant to section 11 (a) of the act, the corporate structure of Investment Bond and Share and its subsidiary companies, the relationships among the companies in the holding company system of said Investment Bond and Share and the properties owned or controlled thereby, to determine the extent to which the corporate structure of such holding company system and the companies therein may be simplified, unnecessary complexities therein eliminated, voting power fairly and equitably distributed among the holders of the securities thereof, and the extent to which the properties and business of such system are confined to those necessary or appropriate to the operations of an integrated utility system or systems under the standards of section 11 (b) (1) of the act; and

The Commission having also investigated, pursuant to sections 18 (a), 18 (b) and 18 (c) of the act, the relationships of William J. Walsh, Edwin Joseph Small, John F. Baker (officers and directors of Investment Bond and Share), certain members of their immediate families (stockholders of Investment Bond and Share) and Baker, Walsh, & Co. (a securities brokerage firm) to Investment Bond and Share and its subsidiaries, and the nature of the interests of said individuals and Baker, Walsh & Co. in the Investment Bond and Share holding company system to determine whether any of such persons or said firms have violated any of the provisions of the act or any rule or regulation thereunder and are or should be declared to be a holding company, and for other purposes; and

Said examination and investigation, together with data in the official files of the Commission, having disclosed information establishing or tending to establish the following:

1. Investment Bond and Share is a corporation organized under the laws of Delaware and maintains its principal office in Chicago, Illinois. Investment Bond and Share became a holding company as defined in section 2 (a) (7) (A) of the act in or about October, 1943 and registered as a holding company under the act on July 2, 1951.

2. At June 19, 1951, Investment Bond and Share had outstanding 647 shares of Class A stock, \$5 par value, held by the public, and 20,000 shares of Class B stock, \$1 par value, 19,500 of which are held by the members of the Walsh, Small, and Baker families. The Class A stock is preferred over the Class B stock as to dividends on a non-cumulative basis to the extent of 50¢ per share per annum; its voluntary and involuntary liquidation preference is \$33 per share, and it is subject to redemption at a price of \$40 per share; *Provided, however*, That if called for redemption, such stock may be converted into Class B stock on a share for share basis. The Class A stock is entitled to vote only in the event of the company's failure to pay dividends for a

period of two years. The Class B stock which has sole voting power, except as stated above, is entitled to receive dividends at the rate of 12½¢ per share per annum after payment to Class A stock of 50¢ per share and thereafter to participate equally with the Class A stock on a per share basis in any additional dividends declared in any one year.

3. With the exception of 500 shares, all of the outstanding shares of Class B stock are owned by John F. Baker, and the families of William J. Walsh, Edwin Joseph Small, and John F. Baker as shown in the following table:

TABLE I	
Name	Shares owned
Catherine E. Baker (sister of John F. Baker)	3,244½
George M. Baker (brother of John F. Baker)	3,244½
John F. Baker	11½
William F. Walsh (son of William J. Walsh)	3,250
John T. Walsh (son of William J. Walsh)	3,250
Anne W. Small (wife of Edwin Joseph Small)	6,500
Total	19,500

4. Investment Bond and Share has five direct subsidiaries of which one is a gas utility company, one is an electric utility company, one is a realty company, one is a telephone operating company, and the fifth is a telephone holding company having six telephone operating subsidiaries.

5. The names of the companies comprising the holding company system of Investment Bond and Share (their relationships being indicated by indentation), the states in which such companies are incorporated, and the percent of voting securities owned as of June 19, 1951, by the respective system companies, are shown in Table II below:

TABLE II		
Name of company	State of organization	Percent of voting securities owned by system companies
Investment Bond & Share Corp.	Delaware	
Jacksonville Gas Corp.	Florida	22.23
Eastern Kansas Utilities, Inc.	Kansas	12.05
Telephone Realty Co.	Indiana	34.35
Indiana Telephone Corp.	do.	29.11
Investors Telephone Co.	Delaware	28.70
Arkansas Associated Telephone Co.	do.	100.00
Central Carolina Telephone Co.	North Carolina	100.00
Central Missouri Telephone Co.	Missouri	100.00
Iowa State Telephone Co.	Delaware	100.00
Platte Valley Telephone Corp.	do.	100.00
The Sussex Telephone Co.	New Jersey	100.00

6. Jacksonville Gas Corporation ("Jacksonville") is engaged in the manufacture and distribution of gas in Jacksonville, Florida. The company was reorganized on February 1, 1943, pursuant to section 11 (e) of the act. Its principal office is located in Jacksonville, Florida.

7. Eastern Kansas Utilities, Inc. ("Eastern Kansas") is engaged in the distribution of electric energy in 34 communities in southeastern Kansas and

four communities in Missouri. Eastern Kansas purchases substantially all of its electric energy requirements from Kansas City Power & Light Company. Its principal office is located in Fort Scott, Kansas. Eastern Kansas was formerly a subsidiary of United Light and Railways Company. The stock of Eastern Kansas was distributed by United Light and Railways Company to its stockholders beginning August 22, 1950, pursuant to a plan of liquidation under section 11 (e) of the act.

8. Telephone Realty Company is engaged in the business of owning real estate in the State of Indiana.

9. Indiana Telephone Corporation supplies telephone service to thirteen counties in southern Indiana. The company's principal office is located in Indianapolis, Indiana.

10. Investors Telephone Company is a telephone holding company controlling six wholly-owned telephone operating companies furnishing telephone service in eight states as noted below. Its principal office is located in Chicago, Illinois.

11. Arkansas Associated Telephone Company supplies telephone service to eight communities in Arkansas. Its principal office is located in Warrensburg, Missouri.

12. Central Carolina Telephone Company furnishes telephone service to numerous communities in North and South Carolina. Its principal office is located in Southern Pines, North Carolina.

13. Central Missouri Telephone Company supplies telephone service to numerous communities in Missouri. Its principal office is located in Warrensburg, Missouri.

14. Iowa State Telephone Company supplies telephone service to numerous communities in Iowa. Its principal office is located in Newton, Iowa.

15. Platte Valley Telephone Corporation supplies telephone service to numerous communities in Nebraska and Wyoming. Its principal office is located in Scottsbluff, Nebraska.

16. The Sussex Telephone Company furnishes telephone service to five communities in New Jersey. Its principal office is located in Newton, New Jersey.

17. Baker, Walsh & Co., an Illinois corporation, is engaged in the security brokerage business and is a registered broker-dealer under the Securities Exchange Act of 1934. Its office is located at 29 South LaSalle Street, Chicago, Illinois, in the same suite of offices with Investment Bond and Share and Investors Telephone Company. The present Baker, Walsh & Co., organized in 1946, is the successor corporation to a brokerage firm also known as Baker, Walsh & Co.

18. Baker, Walsh & Co. through Investment Bond and Share, and its subsidiaries, engages in the business of telephone, electric and gas operations in interstate commerce. Investment Bond and Share and its subsidiaries also engages in the business of telephone, electric and gas operations in interstate commerce, and at all times since prior to October 1943 has been engaged in one or more businesses in interstate commerce.

19. William J. Walsh, Edwin Joseph Small and Claude F. Baker were the principal stockholders, officers, and directors of the former Baker, Walsh & Co. from 1921 to 1946. Claude F. Baker died in 1946 following which the stock of Baker, Walsh & Co. was transferred to certain of its employees who organized a new corporation under the name of Whitsell, Wilken & Co., later changed to Baker, Walsh & Co. The new Baker, Walsh & Co. executed a fifteen year em-

ployment contract with William J. Walsh, Edwin Joseph Small, and John F. Baker, the eldest son of Claude F. Baker, which provides that the foregoing will act as consultants and advisers to Baker, Walsh & Co. at a salary of \$300 per month, each. The positions occupied by William J. Walsh, Edwin Joseph Small, and John F. Baker and members of their immediate families in the Investment Bond and Share system are shown in Table III below:

TABLE III

William J. Walsh:	
Investment Bond & Share Corp.	President and director.
Jacksonville Gas Corp.	President and director.
Indiana Telephone Corp.	Vice president and director.
Investors Telephone Co. and its subsidiaries.	President and director.
Edwin Joseph Small:	
Investment Bond & Share Corp.	Secretary, treasurer, and director.
Jacksonville Gas Corp.	Vice president and director.
Indiana Telephone Corp.	Director.
Investors Telephone Co. and its subsidiaries.	Secretary, treasurer, and director.
John F. Baker:	
Investment Bond & Share Corp.	Vice president and director.
Jacksonville Gas Corp.	Vice president and director.
Indiana Telephone Corp.	Director.
Investors Telephone Co. and its subsidiaries.	Vice president and director.
George W. Baker (brother of John F. Baker),	Vice president.
Investment Bond & Share Corp.	
John T. Walsh (son of William J. Walsh),	Vice president.
Investment Bond & Share Corp.	
William F. Walsh (son of William J. Walsh),	Vice president.
Investment Bond & Share Corp.	
Barbara S. Johnson (daughter of Edwin Joseph Small),	Vice president and director.
Investment Bond & Share Corp.	
Wallace D. Johnson (son-in-law of Edwin Joseph Small),	Employee.
Investment Bond & Share Corp.	

20. Investment Bond and Share presently owns 8,106 shares of common stock of Jacksonville, representing approximately 22 percent of the shares outstanding, said shares having been acquired by use of the mails. The common stock of Jacksonville has sole voting power. In Table IV below is shown a summary of the purchases and sales by Investment Bond and Share of Jacksonville's common stock:

TABLE IV

Year	Shares			Percent of outstanding shares ¹
	Purchases	Sales	Balance	
1943:				
June	324		324	
July	2,303		2,627	
August	150		2,777	
September	700		3,477	9.53
October	250	25	3,702	10.15
November	1	75	3,628	9.95
1944:				
January	400	500	3,528	9.67
February	100		3,628	9.95
May	50	50	3,628	9.95
June	800	1,120	3,308	9.24
July		50	3,318	9.10
1945:				
March	5,146	3,425	5,039	13.82
April	100	249	4,890	13.41
June		350	4,540	13.45
August		94	4,446	12.19
December	40	50	4,436	12.16
1946:				
January	105	1	4,540	12.45
1947:				
February	2,986	36	7,480	20.54
1948:				
January	511	4	7,997	21.93
1949:				
January	109		8,106	22.23
1950:				
January	42	42		
	14,177	6,071		

¹ Pursuant to Jacksonville's plan of reorganization, 36,466 shares of new common stock were to be issued in exchange for old securities. Not all of said securities have been exchanged. However, for purposes of this computation it is assumed that the entire 36,466 shares were issued and outstanding at each date shown.

Name:	Shares
Wallace D. Johnson	213
John F. Baker	500
George M. Baker	1,499
Katherine M. Baker (mother of John F. Baker)	684
Catherine E. Baker	489
	8,550

25. Investment Bond and Share through its officers and directors, namely, William J. Walsh, Edwin Joseph Small, and John F. Baker may have received and may be receiving compensation from its subsidiary companies in violation of sections 4 (a) (2), 13 and 27 (a) of the act and Rules U-84 and U-85 thereunder.

26. William J. Walsh, Edwin Joseph Small, and John F. Baker have executed a contract for the sale of 80,000 shares, including a firm commitment to deliver 75,000 shares, subsequently amended to include a firm commitment to deliver only 65,000 shares of common stock of Eastern Kansas, which 65,000 shares does not include the 15,299 shares owned by Investment Bond and Share, to Kansas City Power and Light Company which contract may be void with respect to the 15,299 shares mentioned above, by reason of the provisions of sections 4 (a), 9 (a) (2) and 26 (b) of the act.

27. William J. Walsh, Edwin Joseph Small, and John F. Baker, together with certain members of their immediate families, including John T. Walsh, William F. Walsh, and Janice G. Walsh; Anne W. Small, Edwin W. Small, Barbara S. Johnson, and Wallace D. Johnson; and George M. Baker, Catherine E. Baker, and Katherine M. Baker, and/or together with Baker, Walsh & Co. constitute an organized group of persons and are therefore a "company" as defined in section 2 (a) (2) of the act, and a "holding company" as defined in section 2 (a) (7) (A) of the act. In any event such persons may, directly or indirectly, exercise such a controlling influence over the management or policies of the Investment Bond and Share system so as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that such persons be subject to the obligations, duties, and liabilities imposed by the act upon holding companies.

28. It appears that certain acquisitions of shares of common stock of Jacksonville and all acquisitions of shares of common stock of Eastern Kansas made by Investment Bond and Share, and the acquisitions of Eastern Kansas common stock made by the persons named above as constituting an organized group of persons, were made in violation of section 4 (a) and 9 (a) (2) of the act, and that such acquisitions or any contract in respect thereof may have been and may be void under the provisions of section 26 (b) of the act.

29. William J. Walsh, Edwin Joseph Small, and John F. Baker, directly or indirectly, have caused acts or things to be done, as stated above, through the above mentioned members of their immediate families, through Baker, Walsh & Co., and through Investment Bond and Share which would have been unlawful for any of said persons to do under the provisions of the act and the rules and

21. Investment Bond and Share became a holding company, within the meaning of the act, in or prior to October 1943 by virtue of its then holdings of the common stock of Jacksonville. Subsequent sales and acquisitions of shares of Jacksonville common stock were in contravention of the provisions of section 4 (a) of the act in view of Investment Bond and Share's failure to register as a holding company under the act until July 2, 1951.

22. William J. Walsh, Edwin Joseph Small and John F. Baker together have received in the past and now are receiving payments currently aggregating in excess of \$60,000 per year from certain subsidiary companies of Investment Bond and Share, including \$15,000 per year from Jacksonville, which payments may have been and may now be in violation of the act and rules and regulations thereunder.

23. During the period August 8, 1950, to May 25, 1951, Investment Bond and Share purchased an aggregate of 15,849 shares of common stock of Eastern Kansas, an electric utility company as defined in the act, in contravention of sections 4 (a) and 9 (a) (2) of the act.

24. During the period August 8, 1950, to May 25, 1951, members of the Walsh, Small and Baker families purchased shares of common stock of Eastern Kansas in the amounts listed below:

Name:	Shares
John T. Walsh	1,249
William F. Walsh	1,250
Janice G. Walsh (wife of William J. Walsh)	383
Anne W. Small	1,683
Edwin W. Small	400
Barbara S. Johnson	200

regulations thereunder, in violation of section 27 (a) of the act.

30. The holding company system of Investment Bond and Share is not confined in its operations to those of a single integrated public utility system within the meaning of the act, or to those of a single integrated public utility system together with such additional public utility systems as meet the standards of section 11 (b) (1) and such other businesses as are retainable under the standards of that section.

31. It appears that on the basis of facts stated above the continued existence of one or more companies in the Investment Bond and Share holding company system unduly or unnecessarily complicates the corporate structure of the system and that the voting power may be unfairly and inequitably distributed among the security holders of the holding company system.

II. Notice is hereby given that Investment Bond and Share has filed an application with the Commission pursuant to section 11 (e) of the act, for approval of a plan stated to be for compliance by Investment Bond and Share with the provisions of section 11 of the act (File No. 54-198). The plan is designed to effect a complete liquidation of Investment Bond and Share which would take the form of (a) payment of all indebtedness of the Corporation and retirement of its Class A Common Stock by cash payment, and (b) distribution of the Corporation's remaining assets to holders of its Class B Common Stock, pursuant to the charter rights of the stockholders.

All interested persons are referred to said plan which is on file in the offices of the Commission for a detailed statement of the transactions therein proposed, which are summarized as follows:

Promptly after the effective date, all known indebtedness of the Corporation will be paid in cash.

As soon as practicable after the effective date, as of a date (herein referred to as the "retirement date") to be specified by resolution of the Board of Directors, all outstanding shares of Class A Common Stock of the Corporation will be retired by payment of cash in an amount equal to the liquidation preference of \$33 per share plus accrued dividends to the retirement date. All holders of record of Class A Common Stock of the Corporation will be given notice by registered mail, not more than 30 days and not less than 10 days before the retirement date, that beginning on the retirement date the aforesaid amounts of cash will be available for distribution upon surrender for cancellation of their respective certificates representing Class A Common Stock of the Corporation. Upon the mailing of such notice the outstanding certificates for Class A Common Stock of the Corporation will cease to represent any right or interest in the Corporation of any kind or description except the right to receive cash in an amount equal to the liquidation preference plus accrued dividends as aforesaid.

The portfolio securities of Investment Bond and Share will be distributed pro

rata to the holders of the outstanding Class B Common Stock as indicated below:

TABLE V	
Portfolio security	For each share of Class B stock (shares)
Eastern Kansas Utilities, Inc., common stock.....	0.76495
Jacksonville Gas Corp., common stock.....	.4053
Indiana Telephone Corp., common stock.....	.3202125
Telephone Realty Co., common stock.....	.01018425
Investors Telephone Co., common stock.....	3.403725

In lieu of distributing fractional shares, Investment Bond and Share will sell one or more shares of the above stocks and will distribute the net proceeds ratably, corresponding to the fractional shares which would otherwise be distributable.

As of a date to be specified by resolution of the Board of Directors, which shall be not more than one year after the effective date unless extended with the approval of the Commission, any and all remaining assets of the Corporation not required for satisfaction of any known obligations of or claims against the Corporation will be distributed pro rata to the holders of Class B Common Stock of the Corporation.

Consummation of each step of the plan shall be subject to the issuance by the Commission of an order approving such step and containing any recitals required by any applicable provision of the Internal Revenue Code in order to procure, and the procuring of, such ruling or closing agreements as to tax consequences of such step as may be satisfactory to Investment Bond and Share and its counsel.

III. It appearing to the Commission, on the basis of the facts and allegations herein set forth, that a proceeding should be instituted because of questions arising under sections 2 (a) (7), 4 (a), 9 (a) (2), 11 (b) (1), 11 (b) (2), 12 (f), 13, 20 (a), 26 (b), and 27 of the act with respect to Investment Bond and Share and its subsidiaries, and William J. Walsh, Edwin Joseph Smail, John F. Baker, George M. Baker, Catherine E. Baker, Katherine M. Baker, John T. Walsh, William F. Walsh, Janice G. Walsh, Anne W. Smail, Edwin W. Smail, Barbara S. Johnson, Wallace D. Johnson, and Baker, Walsh & Co. to determine what steps, if any, should be taken by such companies, and such individuals pursuant to provisions of said sections; and

The Commission being required by the provisions of section 11 (e) of the act, before approving any plan thereunder, to find, after notice and opportunity for hearing, that such plan, as submitted or as it may be amended or modified, is necessary to effectuate the provisions of subsection (b) of section 11 of the act, and is fair and equitable to the persons affected by such plans; and

It further appearing to the Commission that it is appropriate in the public interest and in the interest of investors and consumers that a hearing be held with respect to the plan filed pursuant to section 11 (e) of the act and the pro-

ceedings instituted herein by the Commission; and

It also appearing to the Commission that the said proceedings involve common questions of law and fact and should be consolidated and heard together:

It is hereby ordered, That a proceeding be, and it hereby is instituted directed to Investment Bond and Share and its subsidiaries, and to William J. Walsh, Edwin Joseph Smail, John F. Baker, George M. Baker, Catherine E. Baker, Katherine M. Baker, John T. Walsh, William F. Walsh, Janice G. Walsh, Anne W. Smail, Edwin W. Smail, Barbara S. Johnson, Wallace D. Johnson, and Baker, Walsh & Co. to determine what action, if any, should be ordered to be taken by the foregoing persons to effectuate compliance with the requirements of the aforementioned sections of the act; that such proceeding be, and it hereby is, consolidated with the proceeding with respect to the plan filed herein pursuant to section 11 (e); and that a hearing in the consolidated proceedings under the applicable provisions of the act and the rules and regulations of the Commission thereunder be held on December 10, 1951, at 10:00 a. m., e. s. t., at the office of the Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C. On that day the hearing room clerk in Room 193 will advise as to the room in which the hearing will be held.

The Division of Public Utilities of the Commission having advised the Commission that it has made a preliminary examination of the application and, upon the basis thereof, and upon the basis of the statements and allegations contained in Part I hereof, the following matters and questions are presented for consideration without prejudice, however, to additional matters and questions being specified upon further examination:

1. Whether the allegations contained in Part I hereof are true and correct.

2. Whether the operations of the holding company system of Investment Bond and Share and affiliated persons are confined to those of a single integrated public utility system, together with such additional integrated public utility systems, and other businesses as meet the standards of section 11 (b) (1) of the act, and if not, what action should be ordered to be taken by the respondents to effectuate compliance with the standards of said section.

3. Whether the corporate structure or continued existence of any company in the holding company system unduly or unnecessarily complicate the corporate structure of the system or unfairly or inequitably distribute voting power among security holders thereof, and if so, what action should be required with respect thereto pursuant to the standards of section 11 (b) (2).

4. Whether Investment Bond and Share through certain of its officers and directors, namely William J. Walsh, Edwin Joseph Smail and John F. Baker, president, secretary-treasurer, and vice-president, respectively of Investment Bond and Share has rendered and is rendering legal, financial, accounting or

other services in contravention of the provisions of section 13 of the act and Rules U-84 and U-85 thereunder and, if so, what action should be taken in respect thereof.

5. What action, if any, should be taken in respect of Investment Bond and Share's failure to register as a holding company under the act upon acquiring 10 percent or more of the outstanding voting securities of Jacksonville in or about October 1943.

6. What action, if any, should be taken in respect of Investment Bond and Share's transactions in the common stock of Jacksonville subsequent to acquiring 10 percent of the outstanding voting securities of Jacksonville.

7. What action, if any, pursuant to section 26 (b) or otherwise should be taken in respect of the acquisition by Investment Bond and Share and affiliated persons of 23,849 shares of common stock of Eastern Kansas during the period August 1950 through May 25, 1951, in contravention of sections 4 (a) and 9 (a) (2) of the act.

8. What action, if any, should be taken in respect of all, or any part of, the 8,106 shares of common stock of Jacksonville, and the 15,299 shares of common stock of Eastern Kansas held by Investment Bond and Share in the light of the provisions of the act including sections 4 (a), 9 (a) (2) and 26 (b); and what action, if any, pursuant to section 26 (b) or otherwise should be taken, in the event of a determination that William J. Walsh, Edwin Joseph Smail and John F. Baker, alone or together with members of their immediate families, including John T. Walsh, William F. Walsh, and Janice G. Walsh; Anne W. Smail, Edwin W. Smail, Barbara S. Johnson, and Wallace D. Johnson; and George M. Baker, Catherine E. Baker, and Katherine M. Baker, and/or Baker, Walsh & Co. in the past have constituted, and now constitute, an organized group of persons within the meaning of sections 2 (a) (2) and 2 (a) (7) of the act in respect of the shares of common stock of Eastern Kansas acquired by all or any of such persons in the light of the provisions of the act including sections 4 (a), 9 (a) (2) and 26 (b).

9. Whether William J. Walsh, Edwin Joseph Smail and John F. Baker, alone or together with certain members of their immediate families, including John T. Walsh, William F. Walsh, and Janice G. Walsh; Anne W. Smail, Edwin W. Smail, Barbara S. Johnson, and Wallace D. Johnson; and George M. Baker, Catherine E. Baker, and Katherine M. Baker, and/or together with Baker, Walsh & Co., in the past have constituted, and now constitute, an organized group of persons and are, therefore, a "company" as defined in section 2 (a) (2) of the act, and a "holding company" as defined in section 2 (a) (7) (A) of the act.

10. Whether William J. Walsh, Edwin Joseph Smail, and John F. Baker, directly or indirectly, individually, or pursuant to an arrangement or understanding with one another or with members of their families, or other persons, exer-

cise such a controlling influence over the management or policies of Investment Bond and Share and its subsidiaries, to make it necessary or appropriate in the public interest or for the protection of investors and consumers for the Commission to determine that said William J. Walsh, Edwin Joseph Smail, and John F. Baker or any one or more of them, alone or together with any of said members of their families and/or Baker, Walsh & Co. should be subject to the obligations, duties and liabilities imposed in the act upon holding companies.

11. Whether the plan filed by Investment Bond and Share, as submitted or as it may be hereafter amended or modified, is necessary to effectuate the provisions of section 11 (b) of the act, and is fair and equitable to the persons thereby affected, and if not, in what respects said plan, including any amendments thereto, should be further amended or modified.

12. Whether the proposed payments to the holders of the Class A stock of Investment Bond and Share represent the equitable equivalent of the rights proposed to be surrendered by such stockholders.

13. Whether the fees and expenses which may be requested by any interested person in connection with the plan or the transactions therein proposed are for necessary services, reasonable in amount and fairly allocated and whether the plan should be amended to provide that Investment Bond and Share will pay such fees and expenses as may be allowed or awarded by the Commission.

14. Whether, in the event the plan, as filed or as it may hereafter be modified, is approved, the Commission's order should contain such recitals, specified in any applicable provisions of the Internal Revenue Code, as may be requested by Investment Bond and Share.

It is further ordered, That at said hearing particular attention shall be directed to the foregoing matters.

It is further ordered, That jurisdiction be and it hereby is reserved to separate, either for hearing in whole or in part, or for disposition, either in whole or in part, any issues or questions which may arise in these proceedings, and to take such other action as may appear conducive to an orderly, prompt, and economical disposition of the matters involved.

It is further ordered, That investment Bond and Share and its subsidiaries, and William J. Walsh, Edwin Joseph Smail, John F. Baker, George M. Baker, Catherine E. Baker, Katherine M. Baker, John T. Walsh, William F. Walsh, Janice G. Walsh, Anne W. Smail, Edwin W. Smail, Barbara S. Johnson, Wallace D. Johnson, and Baker, Walsh & Co. file with the Secretary of the Commission on or before the 28th day of November 1951, their joint and several answers, in the form prescribed by Rule U-25 of the rules and regulations under the act, admitting, denying, or otherwise explaining their respective positions as to each of the allegations set forth in part I hereof.

It is further ordered, That Edward C. Johnson or any other officer or officers of the Commission designated by it for

that purpose, shall preside at the hearing in the above matter. The officer so designated to preside at the hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of the act and to a hearing officer under the Commission's rules of practice.

Notice is hereby given of said consolidated hearing to the above named respondents and to all interested persons; said notice to be given to Investment Bond and Share and each of its subsidiary companies, and to William J. Walsh, Edwin Joseph Smail, John F. Baker, George M. Baker, Catherine E. Baker, Katherine M. Baker, John T. Walsh, William F. Walsh, Janice G. Walsh, Anne W. Smail, Edwin W. Smail, Barbara S. Johnson, Wallace D. Johnson, and Baker, Walsh & Co. and the Railroad and Public Utility Commission of the State of Florida, The Public Service Commission of the State of Missouri and the State Corporation Commission of Kansas by registered mail, and to all other persons by publication of this notice and order in the FEDERAL REGISTER; and a general release of the Commission with respect to this order shall be distributed to the press and mailed to persons on the mailing list for releases issued under the Public Utility Holding Company Act of 1935. It is requested that any person desiring to be heard in connection with this proceeding, or proposing to intervene herein, shall file with the Secretary of the Commission, on or before November 30, 1951, his request and application therefor, as provided by Rule XVII of the Commission's rules of practice. Such request shall set forth the nature of such person's interest in the proceeding, the reasons for requesting to be heard or to intervene, and which of the allegations and issues, as set forth above, such person proposes to controvert, together with a statement of any additional issues proposed to be raised in the proceeding herein.

It is further ordered, That Investment Bond and Share, as of a date not later than November 23, 1951, shall cause copies of this notice and order to be mailed to each of the stockholders of record as of a date not earlier than November 13, 1951, of Investment Bond and Share and Eastern Kansas at his last recorded address.

It is further ordered, That Investment Bond and Share, as of a date not later than November 23, 1951, shall cause copies of this notice and order to be mailed to each person at his last known address, who sold shares of common stock of Eastern Kansas to Investment Bond and Share and/or William J. Walsh, Edwin Joseph Smail, John F. Baker and the members of their immediate families after August 7, 1950.

It is further ordered, That Investment Bond and Share, as of a date not later than November 23, 1951, shall cause copies of this notice and order to be mailed to each of the directors of Jacksonville.

It is further ordered, That jurisdiction be reserved to require Investment Bond and Share to give such further and different notice of these proceedings, as

may appear appropriate to the Commission.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 51-13503; Filed, Nov. 8, 1951;
8:49 a. m.]

ECONOMIC STABILIZATION AGENCY

Office of Price Stabilization

[Region VII, Redelegation of Authority No. 1]

DIRECTORS OF DISTRICT OFFICES, REGION VII

REDELEGATION OF AUTHORITY TO PROCESS INITIAL REPORTS FILED BY CERTAIN RESTAURANT OPERATORS

By virtue of the authority vested in me as Director of the Regional Office of Price Stabilization, Region VII, pursuant to the provisions of Delegation of Authority No. 17, dated August 15, 1951 (16 F. R. 8158), this redelegation of authority is hereby issued.

1. Authority to act under section 6 of CPR-11. Authority is hereby redelegated to the Directors of the District Offices of the Office of Price Stabilization, Region VII, to process the initial reports filed under section 6 of CPR-11 and to revise food cost per dollar of sale ratio referred to in section 4 thereof.

This redelegation of authority shall take effect November 9, 1951.

MICHAEL J. HOWLETT,
Director of Regional Office No. VII.

NOVEMBER 7, 1951.

[F. R. Doc. 51-13586; Filed, Nov. 7, 1951;
4:59 p. m.]

[Region VII, Redelegation of Authority No. 2]

DIRECTORS OF DISTRICT OFFICES, REGION VII

REDELEGATION OF AUTHORITY TO ACT ON APPLICATIONS FOR ADJUSTMENTS

By virtue of the authority vested in me as Director of the Regional Office of Price Stabilization, Region VII, pursuant to the provisions of section 16 of CPR-13 of March 21, 1951 (16 F. R. 2628) this redelegation of authority is hereby issued.

Authority is hereby redelegated to the District Directors, Office of Price Stabilization, Region VII, to make adjustments or act upon applications for adjustments under section 16 (b), CPR-13, as amended, modified or otherwise changed by subsequent directives.

This redelegation of authority is effective November 9, 1951.

MICHAEL J. HOWLETT,
Director of Regional Office No. VII.

NOVEMBER 7, 1951.

[F. R. Doc. 51-13587; Filed, Nov. 7, 1951;
4:59 p. m.]

[Region VII, Redelegation of Authority
No. 3]

DIRECTORS OF DISTRICT OFFICES, REGION VII

REDELEGATION OF AUTHORITY TO ACT ON AP- PLICATIONS PERTAINING TO CERTAIN FOOD AND RESTAURANT COMMODITIES

By virtue of the authority vested in me as Director of the Regional Office of Price Stabilization, Region VII, pursuant to delegation of authority No. 8 (16 F. R. 5659) and Amendment No. 1, thereto (16 F. R. 6640), this redelegation of authority is hereby issued.

1. Authority is hereby redelegated to the District Directors, Office of Price Stabilization, Region VII, to act on all applications for price action and adjustment under the provisions of sections 15 (c), 26a, 28a and 28b of CPR-14; sections 21a, 26, 26a, 27 and 30 (b) of CPR-15; and sections 22 (b), 24, 24a and 26b of CPR-16.

This redelegation of authority is effective November 9, 1951.

MICHAEL J. HOWLETT,
Director of Regional Office No. VII.

NOVEMBER 7, 1951.

[F. R. Doc. 51-13588; Filed, Nov. 7, 1951;
4:59 p. m.]

[Region VII, Redelegation of Authority
No. 4]

DIRECTORS OF DISTRICT OFFICES, REGION VII

REDELEGATION OF AUTHORITY TO ACT ON AP- PLICATION FOR ADJUSTMENT OF PRICES RE- LATING TO ICE

By virtue of the authority vested in me as Director of the Regional Office of Price Stabilization, Region VII, pursuant to Delegation of Authority No. 14 (16 F. R. 7431) this redelegation of authority is hereby issued.

1. Authority is hereby redelegated to the District Directors, Office of Price Stabilization, Region VII, to act on all applications for adjustment under the provisions of sections 1-6, inclusive, of GCPR, SR 45, as amended.

This redelegation of authority is effective November 9, 1951.

MICHAEL J. HOWLETT,
Director of Regional Office No. VII.

NOVEMBER 7, 1951.

[F. R. Doc. 51-13589; Filed, Nov. 7, 1951;
5:00 p. m.]

[Region VII, Redelegation of Authority No. 5]

DIRECTORS OF DISTRICT OFFICES, REGION VII

REDELEGATION OF AUTHORITY TO ACT ON AP- PLICATIONS RELATING TO CERTAIN FOOD AND RESTAURANT COMMODITIES

By virtue of the authority vested in me as Director of the Regional Office of Price Stabilization, Region VII, pursuant to Delegation of Authority No. 13 (16 F. R. 738) this redelegation of authority is hereby issued.

Authority is hereby redelegated to the District Directors, Office of Price Stabilization, Region VII, to act on all applications for price action and adjustment under the provisions of section 13 of CPR-11, as amended.

This redelegation of authority is effective November 9, 1951.

MICHAEL J. HOWLETT,
Director of Regional Office No. VII

NOVEMBER 7, 1951.

[F. R. Doc. 51-13590; Filed, Nov. 7, 1951;
5:00 p. m.]

[Region XII, Redelegations of Authority,
Redesignation]

DIRECTORS OF DISTRICT OFFICES, REGION XII

REDESIGNATION OF REDELEGATIONS OF AUTHORITY

By virtue of the authority vested in me as Director of Price Stabilization pursuant to the Defense Production Act of 1950 (64 Stat. 812), as amended, Executive Order 10161 (15 F. R. 6105), and Economic Stabilization General Order No. 2 (16 F. R. 738), this redesignation is hereby issued.

Region XII, Redelegation of Authority 1 (16 F. R. 10587), Redelegation of Authority 2 (16 F. R. 10588), Redelegation of Authority 3 (16 F. R. 10588), and Redelegation of Authority 4 (16 F. R. 10588) are hereby redesignated respectively as Region XII, Redelegation of Authority 2, Redelegation of Authority 3, Redelegation of Authority 4, and Redelegation of Authority 5.

MICHAEL V. DiSALLE,
Director of Price Stabilization.

NOVEMBER 9, 1951.

[F. R. Doc. 51-13585; Filed, Nov. 7, 1951;
4:59 p. m.]

[Ceiling Price Regulation 7, Section 43,
Special Order 723]

VON SCHRADER MFG. CO.

CEILING PRICES AT RETAIL

Statement of considerations. In accordance with section 43 of Ceiling Price Regulation 7, the applicant named in the accompanying special order, Von Schrader Manufacturing Company, 1600 Junction Avenue, Racine, Wisconsin, has applied to the Office of Price Stabilization for maximum resale prices for retail sales of certain of its articles. Applicant has submitted the information required under this section and has produced evidence which in the judgment of the Director indicates that the applicant has complied with other stated requirements.

The Director has determined on the basis of information available to him, including the data and certified conclusions of fact submitted by the applicant, that the retail ceiling prices requested and which are established by this special order are no higher than the level of ceiling prices under Ceiling Price Regulation 7.

The special order contains provisions requiring each article to be marked by the applicant with the retail ceiling price established by the accompanying special order. The applicant and intermediate distributors are required to send purchasers of the article a copy of this special order, a notice listing retail ceiling prices for each cost line and, in specified cases, of subsequent amendments of this special order.

The special order also requires applicant to file with the Distribution Branch regular reports setting forth the number of units of each article covered by this special order which applicant has delivered during the reporting period. This requirement conforms with the provisions of section 43, Ceiling Price Regulation 7.

Special provisions. For the reasons set forth in the statement of considerations and pursuant to section 43 of Ceiling Price Regulation 7, this special order is hereby issued.

1. **Ceiling prices.** The ceiling prices for sales at retail of rug cleaner sold through wholesalers and retailers and having the brand name(s) "Powder-ene" shall be the proposed retail ceiling prices listed by Von Schrader Manufacturing Company, 1600 Junction Avenue, Racine, Wisconsin, hereinafter referred to as the "applicant" in its application dated September 15, 1951, and filed with the Office of Price Stabilization, Washington 25, D. C.

A list of such ceiling prices will be filed by the Office of Price Stabilization with the Federal Register as an appendix to this special order as soon as practicable. On and after the date of receipt of a copy of this special order, with notice of prices annexed, but in no event later than January 2, 1952, no seller at retail may offer or sell any article covered by this special order at a price higher than the ceiling price established by this special order. Sales may be made, of course, at less than the ceiling prices.

2. **Marking and tagging.** On and after January 2, 1952, Von Schrader Manufacturing Company must mark each article for which a ceiling price has been established in paragraph 1 of this special order with the retail ceiling price under this special order or attach to the article a label, tag, or ticket stating the retail ceiling price. This mark or statement must be in the following form:

OPS—Sec. 43—CPR 7
Price \$-----

On and after January 30, 1952, no retailer may offer or sell the article unless it is marked or tagged in the form stated above. Prior to January 30, 1952, unless the article is marked or tagged in this form, the retailer shall comply with the marking, tagging, and posting provisions of the regulation which would apply in the absence of this special order.

Upon issuance of any amendment to this special order which either adds an article to those already listed in the application or changes the retail ceiling price of a listed article, the applicant named in this special order must comply as to each such article with the pre-ticketing requirements of this paragraph within 30 days after the effective date of

the amendment. After 60 days from the effective date, no retailer may offer or sell the article unless it is ticketed in accordance with the requirements of this paragraph. Prior to the expiration of the 60-day period, unless the article is so ticketed, the retailer must comply with the marking, tagging, and posting provisions of the regulation which would apply in the absence of this special order.

3. **Notification to resellers—(a) Notices to be given by applicant.** (1) After receipt of this special order, a copy of this special order and the notice described below shall be sent by the applicant to each purchaser for resale on or before the date of the first delivery of any article covered in paragraph 1 of this special order.

(2) Within 15 days after the effective date of this special order, the applicant shall send a copy of this special order and the notice described below to each purchaser for resale to whom within 2 months immediately prior to the receipt of this special order the applicant had delivered any article covered by paragraph 1 of this special order.

(3) The applicant must notify each purchaser for resale of any amendment to this special order in the same manner, annexing to the amendment an appropriate notice as described below.

(4) The applicant shall annex to this special order or amendment a notice listing the style or lot number, name, or other description of each item covered by this special order or amendment and its corresponding retail ceiling price. The notice shall be in substantially the following form:

(Column 1) Item—Style or lot number or other description:	(Column 2) Retailer's ceiling price for articles listed in Column 1 \$-----
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(5) Within 15 days after the effective date of this special order or any amendment thereto, two copies of the ceiling price notice above described must be filed by the applicant with the Distribution Branch, Consumer Soft Goods Division, Office of Price Stabilization, Washington 25, D. C.

(6) The applicant must supply each purchaser for resale other than a retailer with sufficient copies of this special order, amendment and notices to permit such purchasers for resale to comply with the notification requirements of this special order.

(b) **Notices to be given by purchasers for resale (other than retailers).** (1) A copy of this special order, together with the annexed notice of ceiling prices described in subparagraph (a) (4) of this section, shall be sent by each purchaser for resale (other than retailers) to each of his purchasers on or before the date of the first delivery after receipt of a copy of this special order.

(2) Within 15 days of receipt of this special order and the annexed notice, each purchaser for resale (other than retailers) shall send a copy of the order and notice to each of his purchasers to whom, within 2 months prior to receipt of this special order, his records indicate he had delivered any article covered by paragraph 1 of this special order.

(3) Each purchaser for resale (other than retailers) must notify each purchaser of any amendment to this special order in the same manner, annexing to the amendment an appropriate notice as described above.

4. **Reports.** Within 45 days of the expiration of the first 6-month period following the effective date of this special order and within 45 days of the expiration of each successive 6-month period, the applicant shall file with the Distribution Branch, Consumer Soft Goods Division, Office of Price Stabilization, Washington 25, D. C., a report setting forth the number of units of each article covered by this special order which he has delivered in that 6-month period.

5. **Other regulations affected.** The provisions of this special order establish the ceiling price for sales at retail of the articles covered by it, regardless of whether the retailer is otherwise subject to Ceiling Price Regulation 7 or any other regulation.

6. **Revocation.** This special order or any provisions thereof may be revoked, suspended, or amended by the Director of Price Stabilization at any time.

7. **Applicability.** The provisions of this special order are applicable in the United States and the District of Columbia.

Effective date. This special order shall become effective November 2, 1951.

MICHAEL V. DISALLE,
Director of Price Stabilization.

NOVEMBER 1, 1951.

[F. R. Doc. 51-13356; Filed, Nov. 1, 1951;
4:42 p. m.]

[Delegation of Authority 27]

REGIONAL DIRECTORS

DELEGATION OF AUTHORITY TO PROCESS STATEMENTS FILED PURSUANT TO SECTIONS 6 AND 12 OF CPR 92, AND TO APPROVE, DENY, OR REQUEST FURTHER INFORMATION CONCERNING, FILINGS MADE PURSUANT TO SECTION 42 (B) AND SECTION 42 (C) (5) AND (6) OF CPR 92

By virtue of the authority vested in me as Director of Price Stabilization pursuant to the Defense Production Act of 1950 (64 Stat. 812), as amended, and Executive Order 10161 (15 F. R. 6105), and Economic Stabilization General Order No. 2 (16 F. R. 738), this delegation of authority is hereby issued.

1. Authority is hereby delegated to the Directors of the Regional Offices of Price Stabilization to process statements filed under Sections 6 and 12 of Ceiling Price Regulation 92, and to approve, deny, or request further information concerning, filings made pursuant to Section 42 (b) or Section 42 (c) (5) and (6) of Ceiling Price Regulation 92 and filings made pursuant to Section 46 (b) of Ceiling Price Regulation 92.

2. The authority herein delegated may be redelegated to the Directors of the District Offices of the Office of Price Stabilization.

This delegation of authority shall take effect on November 13, 1951.

MICHAEL V. DiSALLE,
Director of Price Stabilization.

NOVEMBER 8, 1951.

[F. R. Doc. 51-13635; Filed, Nov. 8, 1951;
4:00 p. m.]

INTERSTATE COMMERCE COMMISSION

[4th Sec. Application 26539]

FLOORING AND FACING TILE AND OTHER
COMMODITIES BETWEEN CHICAGO, ILL.,
AND MISSOURI RIVER CITIES

APPLICATION FOR RELIEF

NOVEMBER 6, 1951.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: L. E. Kipp, Agent, for carriers parties to his tariff I. C. C. No. A-3733.

Commodities involved: Tile, facing or flooring; sodium, hypochlorite solution of; and magazines, carloads.

Between: Chicago, Ill., and other points in Illinois, on the one hand, and Missouri River Cities, on the other.

Grounds for relief: Circuitous routes.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL]

W. P. BARTEL,
Secretary.

[F. R. Doc. 51-13511; Filed, Nov. 8, 1951;
8:51 a. m.]

[4th Sec. Application 26540]

SCRAP PAPER FROM ABILENE AND TYLER,
TEX., TO TWIN CITIES

APPLICATION FOR RELIEF

NOVEMBER 6, 1951.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: D. Q. Marsh, Agent, for carriers parties to his tariff I. C. C. No. 3967.

Commodities involved: Paper, scrap or waste, carloads.

From: Abilene and Tyler, Tex.

To: Minneapolis, St. Paul, and Minnesota Transfer, Minn.

Grounds for relief: Circuitous routes. Schedules filed containing proposed rates; D. Q. Marsh's tariff I. C. C. No. 3967, Supp. 45.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL]

W. P. BARTEL,
Secretary.

[F. R. Doc. 51-13512; Filed, Nov. 8, 1951;
8:51 a. m.]

[4th Sec. Application 26541]

SCRAP PAPER FROM ABILENE, TEX., TO
POINTS IN CENTRAL TERRITORY

APPLICATION FOR RELIEF

NOVEMBER 6, 1951.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: D. Q. Marsh, Agent, for carriers parties to his tariff I. C. C. No. 3967.

Commodities involved: Paper, scrap or waste, carloads.

From: Abilene, Tex.

To: Chicago, Ill., and points taking same rates, and specified points in central territory.

Grounds for relief: Circuitous routes and to apply over short tariff routes rates constructed on the basis of the short line distance formula.

Schedules filed containing proposed rates; D. Q. Marsh's tariff I. C. C. No. 3967, Supp. 45.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an

emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL]

W. P. BARTEL,
Secretary.

[F. R. Doc. 51-13513; Filed, Nov. 8, 1951;
8:51 a. m.]

[4th Sec. Application 26542]

ALCOHOLS FROM LOUISIANA TO HOUSTON,
TEXAS CITY, AND VELASCO, TEX.

APPLICATION FOR RELIEF

NOVEMBER 6, 1951.

The Commission is in receipt of the above-entitled and numbered application for relief from the aggregate-of-intermediates provision of section 4 (1) of the Interstate Commerce Act.

Filed by: D. Q. Marsh, Agent, for the Louisiana & Arkansas Railway Company and other carriers named in the application.

Commodities involved: Alcohol and related articles, carloads.

From: Baton Rouge, North Baton Rouge, and New Orleans, La.

To: Houston, Texas City, and Velasco, Tex.

Grounds for relief: Competition with rail carriers and circuitous routes.

Schedules filed containing proposed rates; D. Q. Marsh's tariff I. C. C. No. 3894, Supp. 93.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL]

W. P. BARTEL,
Secretary.

[F. R. Doc. 51-13514; Filed, Nov. 8, 1951;
8:51 a. m.]

[4th Sec. Application 26543]

SULPHURIC ACID FROM POINTS IN SOUTH-
WEST TO GAUTIER, MISS.

APPLICATION FOR RELIEF

NOVEMBER 6, 1951.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: D. Q. Marsh, Agent, for carriers parties to his tariffs I. C. C. Nos. 3919, 3967, 3908, and 3906.

Commodities involved: Sulphuric acid, in tankcar loads.

From: Specified points in Arkansas, Texas, Louisiana, and Oklahoma.

To: Gautier, Miss.

Ground for relief: Circuitous routes and to apply over short tariff routes rates constructed on the basis of the short line distance formula.

Schedules filed containing proposed rates: D. Q. Marsh's tariff I. C. C. No. 3919, Supp. 64; D. Q. Marsh's tariff

I. C. C. No. 3967, Supp. 47; D. Q. Marsh's tariff I. C. C. No. 3908, Supp. 76; D. Q. Marsh's tariff I. C. C. No. 3906, Supp. 78.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to in-

vestigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL]

W. P. BARTEL,
Secretary.

[F. R. Doc. 51-13515; Filed, Nov. 8, 1951;
8:51 a. m.]